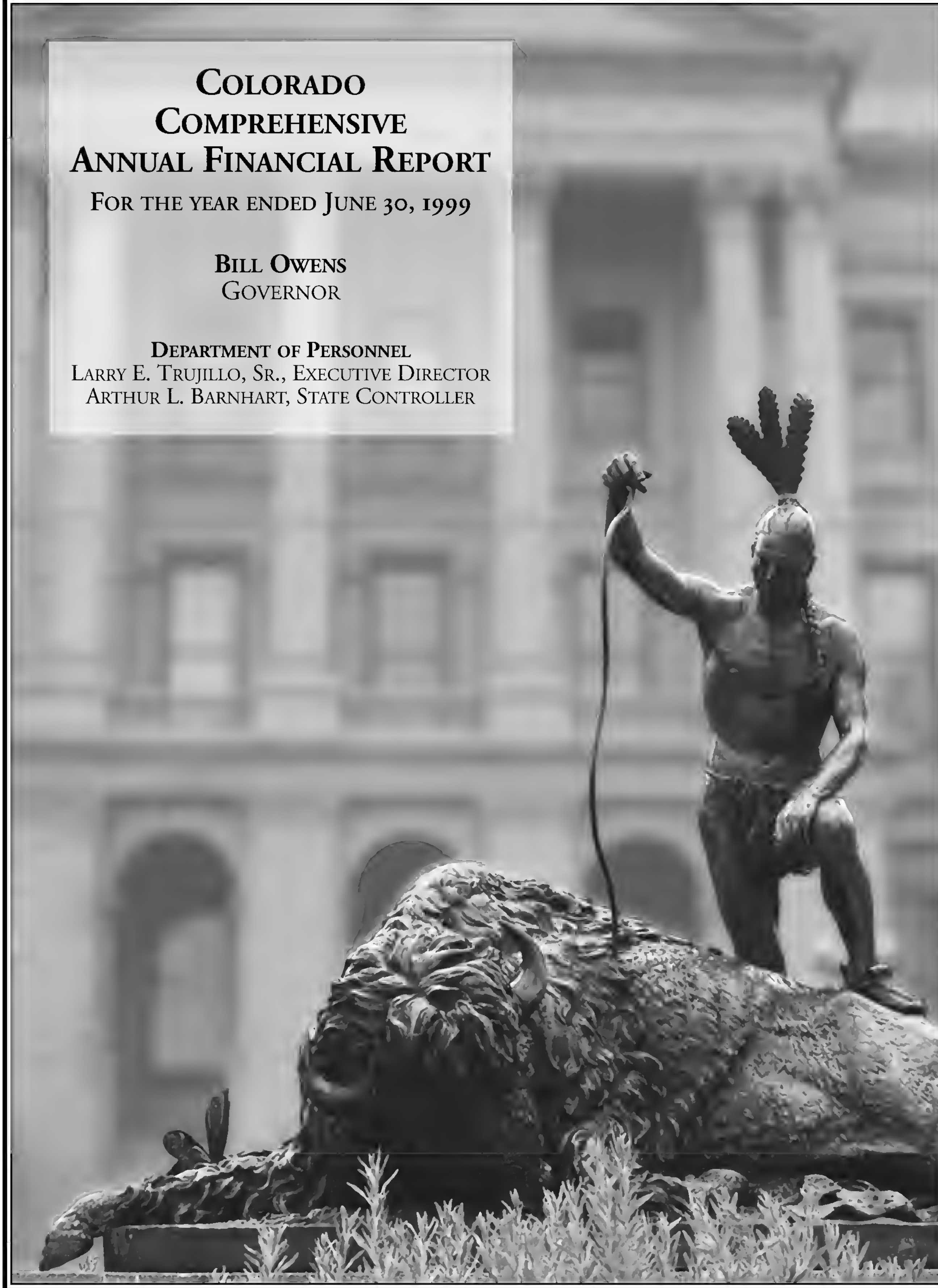
Colorado Comprehensive Annual Financial Report

For the year ended June 30, 1999

Bill Owens
Governor

Department of Personnel
Larry E. Trujillo, Sr., Executive Director
Arthur L. Barnhart, State Controller



FRONT COVER

Photograph of "The Closing Era" bronze statue on the east lawn of the Capitol grounds is the work of Preston Powers, a former Dean of the Art Department of the University of Denver. The cast was made by artists in Florence, Italy and shipped to Chicago where it was first exhibited at the World's Fair in 1893. The statue was paid for by subscriptions from Colorado women. The monument is a striking reminder of the state's past.

REPORT LAYOUT

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section includes the controller's transmittal letter, including a financial overview of the state, and the state's organization chart. The Financial Section includes the general purpose financial statements and the combining statements and schedules, as well as the auditor's opinion on the financial statements and schedules. The Statistical Section includes fiscal, economic, and demographic information about the state.

INTERNET ACCESS

The Comprehensive Annual Financial Report and other financial reports are available on the state controller's home page at:
http://www.sco.state.co.us

STATE OF COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 1999

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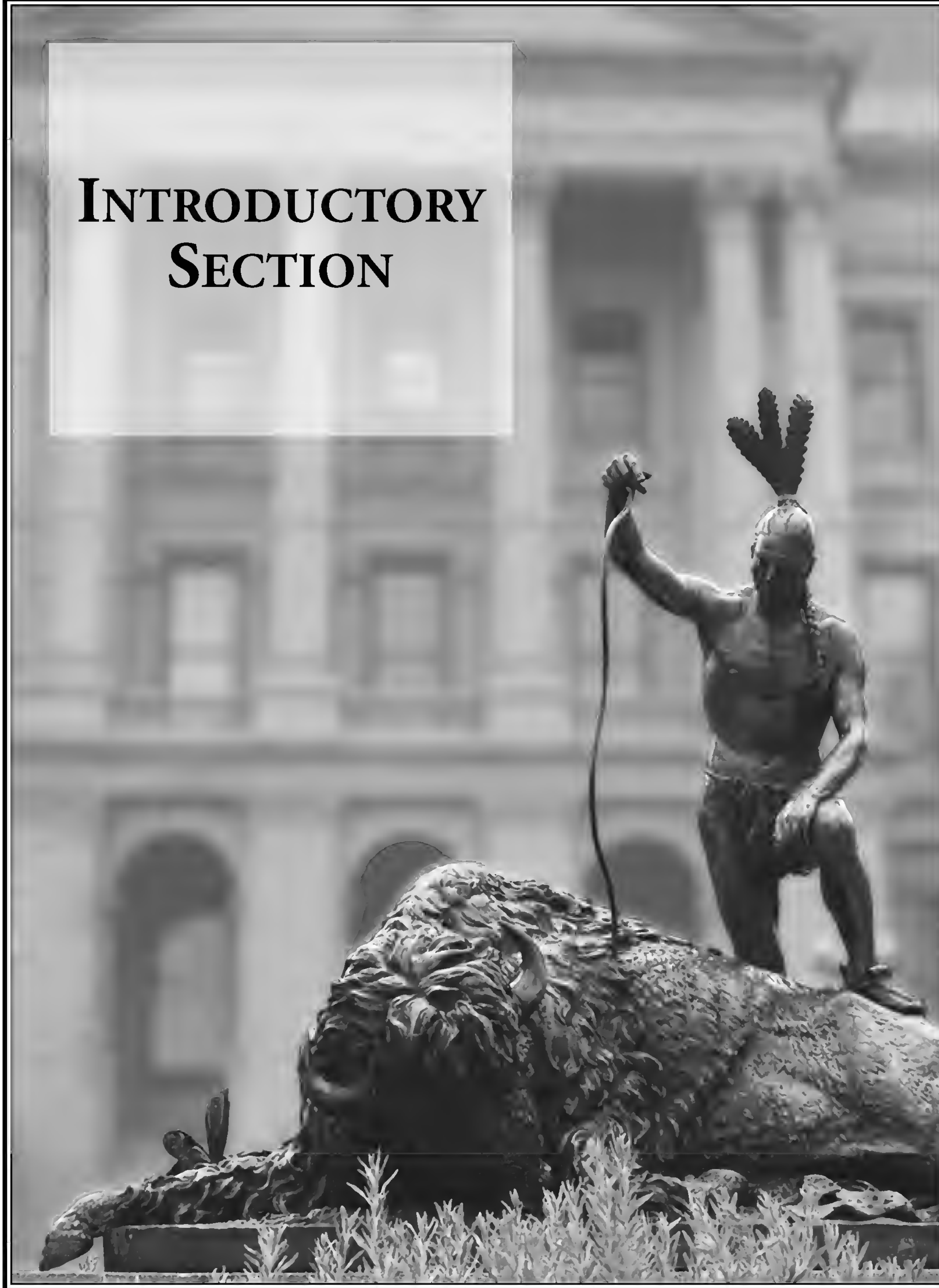


STATE · OF · COLORADO
UNION AND CONSTITUTION
NIL SINE NUMINE
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Executive Director

Arthur L. Barnhart
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November 4, 1999

To the Citizens, Governor, and Legislators of the State of Colorado

It is our privilege to present the Comprehensive Annual Financial Report (CAFR) on the operations of the State of Colorado for the fiscal year ended June 30, 1999. This report is prepared by the Office of the State Controller and is submitted as required by Colorado Revised Statutes 24-30-204. The state controller is responsible for managing the finances and financial affairs of the state and is committed to sound financial management and governmental accountability.

We believe the financial statements are fairly presented in all material aspects. They are presented in a manner designed to set forth the financial position, results of operations, and changes in fund balances of the various fund types. All required disclosures have been included to assist the members of the General Assembly, the financial community, and the public in understanding the state's financial affairs.

The financial statements contained in the CAFR are prepared in conformity with generally accepted accounting principles applicable to government as prescribed by the Governmental Accounting Standards Board (GASB), and are audited by the state auditor of Colorado. In addition to the general purpose financial statements, the CAFR includes: combining financial statements, presenting information by fund category; supporting schedules; certain narrative information describing individual funds; and statistical tables presenting financial, economic, and demographic data about the state.

The funds and entities included in the CAFR are those for which the state is financially accountable based on criteria for defining the financial reporting entity prescribed by GASB. The primary government is the legal entity that comprises the funds and account groups of the state, its departments, agencies, and state funded institutions of higher education. It also includes certain university foundations that have been included with the institution that is financially accountable for the foundation.

The state's elected officials are financially accountable for legally separate entities that qualify as component units. Financial results of the state's component units are discretely presented in the financial statements. The following entities qualify as component units of the state.

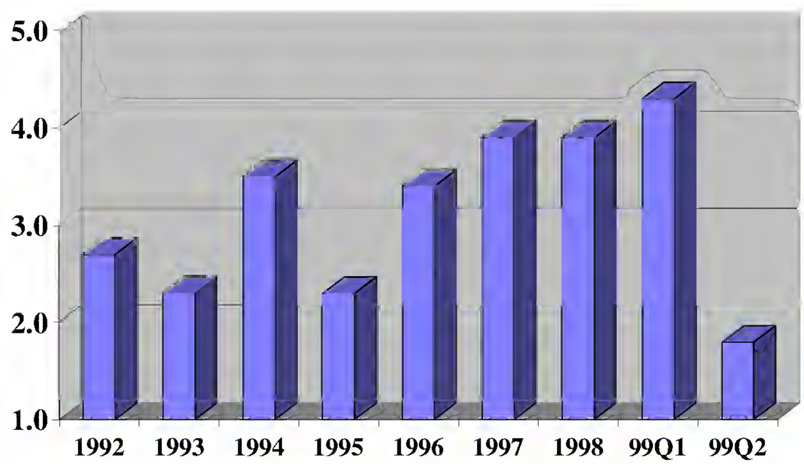
- Colorado Uninsurable Health Insurance Plan
- Colorado Water Resources and Power Development Authority
- Denver Metropolitan Major League Baseball Stadium District
- University of Colorado Hospital Authority
- Colorado Travel and Tourism Authority

Additional information about these component units and other related entities is presented in this report in Note I-A of the footnotes to the general purpose financial statements. Audited financial reports are available from each of these entities.

ECONOMIC CONDITION AND OUTLOOK

In order to carry out budget formulation, the Office of State Planning and Budgeting (OSPB) estimates state revenues. In preparing those revenue estimates, OSPB analyzes the national and state economic conditions. The following synopsis is largely based on OSPB's analysis in the Colorado Economic Perspective that is dated September 20, 1999.

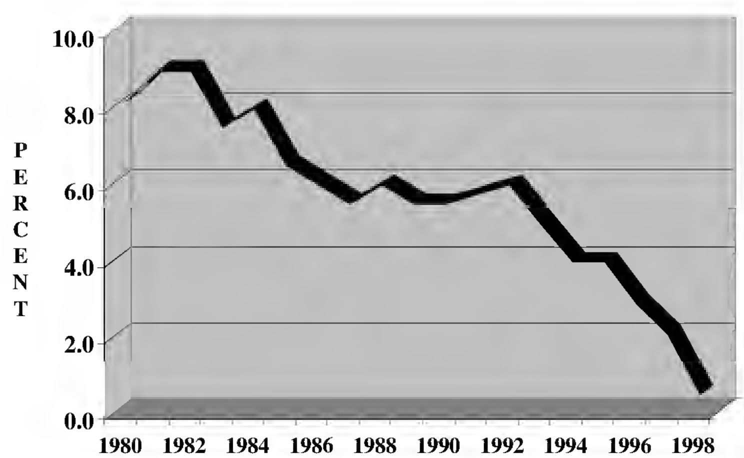
PERCENT CHANGE IN REAL GROSS DOMESTIC PRODUCT



Thus far in 1999, the national economy has grown at unprecedented rates for this late stage of an economic expansion. The U.S. Department of Commerce reported that real gross domestic product (GDP), the output of goods and services produced in the United States, increased at an annual rate of 1.9 percent in the second quarter of 1999. This followed a first quarter increase in real GDP at an annual rate of 4.3 percent. The increase in GDP was driven mainly by personal consumption expenditures and durable equipment investment, but was reduced by an increase in imports and a decrease in inventory investment. Two Federal Reserve rate increases in the summer of 1999 resulted in higher interest rates that have now begun to dampen interest-rate-sensitive sectors and are beginning to slow the economy down.

Consumer spending continues to bolster economic activity, due in part to spending in excess of earnings. In addition, the strong performance of the stock market has encouraged spending by consumers. Personal savings as a percent of disposable personal income fell to 0.5 percent in 1998. In the second quarter of 1999, the personal savings rate was negative at -1.3 percent of disposable personal income.

PERSONAL SAVINGS AS A PERCENT OF DISPOSABLE PERSONAL INCOME



Business equipment spending is now at an historically high share of GDP. Durable equipment purchases have grown at an average rate of 11.2 percent between 1992 and 1998, and they continued to grow in 1999 at 9.5 and 15.9 percent for the first and second quarter respectively.

In the second quarter of 1999, the trade deficit was $80.7 billion – requiring nearly $1 billion a day of new foreign money to flow into the United States. At this rate, the annual trade deficit will be approximately $337 billion, which represents a 38% increase in the annual trade deficit over the same period in 1998. Federal Reserve Chairman Alan Greenspan has described this consumption increase as a reduction of private savings that may in the future limit the nation's ability to finance investment in new productive plants, equipment, and housing.

The anticipated slowing of the economy has not yet resulted in significant increases in business inventories. In 1998, the change in business inventories declined $5.8 billion from the prior year. In both the first and second quarters of 1999, the increase in inventories continued to decline. Thus, unsold production is not contributing to the strength in the GDP.

OSPB has made the following predictions for the national economy supporting its Colorado economic forecast.

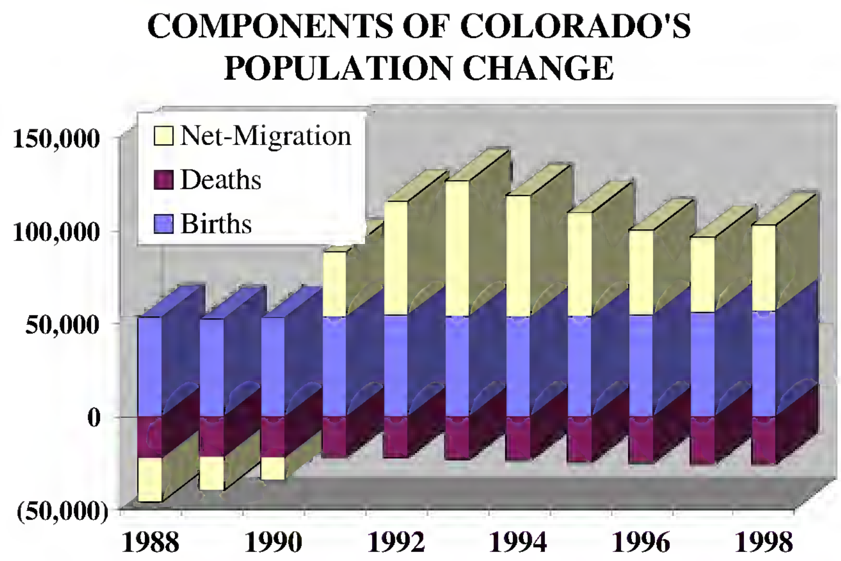
- Inflation-adjusted GDP growth is expected to maintain the robust 3.9 percent rate experienced in 1998, and then to taper off in 2000 to a more moderate 2.4 percent.
- Consumer spending growth will slow in 2000 and 2001 due to a weakening stock market.
- The overall inflation rate is expected to rise to 2.2 percent in 1999 increasing to 2.5 percent by 2005.
- Nonagricultural employment growth will slow to 2.1 percent in 1999 and slow further to 1.5 percent in 2000 and 2001.
- The unemployment rate – which is expected to drop from 4.5 percent in 1998 to 4.2 percent in 2000 and 2001 – will slowly increase to 4.9 percent by 2004 as the national economy cools.
- Business and government investment in remediating the Year 2000 computer and embedded chip problem will stimulate growth throughout 1999 but will result in slower percentage growth in 2000 as these investments end.
- The U.S. trade deficit is expected to continue to deteriorate into 2000.

OSPB hedges these predictions noting that the primary short-term risk to continued economic expansion is that the stock market is overvalued and could decline significantly because of sagging international economies. The direction of the national economy has become more important to Colorado's economic health as the local economy diversifies.

The Colorado economy displayed slightly slower growth in early 1999 than in prior years. Employment growth slowed through July 1999, although the unemployment rate thus far in 1999 is lower than in 1998. Inflation remained low through June 1999, although the Denver-Boulder rate was higher than the national average. Single family home construction and nonresidential building are thriving even though the 5.2 percent inflation in housing prices was greater than inflation in all other sectors including medical care.

OSPB expects a general slowing in the Colorado economy. The primary contributing factors include scarcity of labor, a higher cost environment, and a slowdown in the construction industry. Colorado's seasonally-adjusted unemployment rate was 3.0 percent through July 1999, following a 3.3 percent unemployment rate in 1997 and a 3.8 percent unemployment rate in 1998. Without a significant unemployment pool, increases in employment must come from in-migration and natural population growth. Net-migration is significant in relation to natural population growth, and it

increased in 1998. However, the population increase was inadequate to prevent the labor scarcity, which is particularly acute in the qualified labor pool. Such population changes also bring undesirable side effects, such as, traffic congestion that prompted the borrowing proposal discussed below in the Major Government Initiatives section.



Construction has been the back-bone of Colorado's booming economy during much of the decade. In 1998, construction employment increased 10.8 percent while construction wages increased 16.7 percent. According to F.W. Dodge, the total number of residential construction permits increased by 13.2 percent through July 1999 compared with the same period through July 1998. Significant increases also occurred in the quantity and resale prices of existing homes. Average resale price of an existing home increased 10.8 percent from July 1998 to July 1999.

The scarcity of labor and increased housing and other costs have caused OSPB to temper their Colorado economic forecast as follows:

- Nonfarm employment growth will slow to a 3.1 percent increase in 1999 and 2.8 percent in 2000 due to lack of available workers rather than reductions in demand for goods.
- The Denver-Boulder inflation rate will trend up from 2.9 percent in 1999 to 3.5 in 2004.
- Personal income will moderate from the 1998 increase of 8.2 percent to 6.9 percent in 1999.
- In 1999, construction employment will grow 7.4 percent and decrease to around 1.5 percent growth by 2004.
- The value of residential construction will decrease by 0.6 percent in 1999 while the value of nonresidential construction will rebound with growth of 23 percent after declining a similar amount in 1998.
- Service employment will grow 3.5 percent and 3.8 percent in 1999 and 2000 respectively, after growing 4.5 percent in 1998.

In summarizing the forecast, OSPB noted the following:

> In the past few years, much of the strong growth in Colorado's economy resulted from the many firms that decided to locate or expand their facilities in Colorado because of the state's low cost structure. However, Colorado's ability to attract new business is moderating because of the scarcity of labor and increased costs. Whereas Colorado once had an abundance of both skilled and unskilled labor at relatively low wages, low real estate costs, and an overall low cost of living, the strong economy has neutralized these benefits. Indeed, between 1990 and 1998, wages have risen 86.2 percent, residential housing costs are up over 100 percent, and office rents in the Denver metro

area have increased 65.2 percent. As a result, Colorado's competitive low-cost advantage has eroded. Without a readily available labor pool and an amenable cost environment, Colorado's benefits to relocating firms has diminished, thus contributing to slower future growth.

YEAR 2000 PREPARATIONS

The state currently has initiatives underway to address the potential impact the Year 2000 problem could have on the information technology of the state. This problem is the result of many of the state's existing information technology applications and embedded systems having a two-digit year indicator but not a century indicator. The state has no control over the Year 2000 remediation efforts of major service providers of the state. It is possible, therefore, that even if the state were fully Year 2000 compliant, service providers of the state could adversely affect the state's business. Thus, the state is unable to provide any assurances, guarantees or warranties regarding Year 2000 matters. A summary of the state's Year 2000 preparations is included in the supplementary information section required by the Governmental Accounting Standards Board on page 91. Progress information can be viewed on the state's web site at www.state.co.us/Year2000.

MAJOR GOVERNMENT INITIATIVES

The General Assembly enacted several permanent tax reductions to address the collection of excess revenues under Article X Section 20 (TABOR) of the State Constitution. The most significant change reduced the income tax rate from 5 percent to 4.75 percent, and the Office of State Planning and Budgeting (OSPB) expects the change to reduce revenue by $202.2 million in Fiscal Year 1999-00. Other changes include the elimination of the marriage penalty, an increase in the elderly pension exemption, a credit for long-term care insurance premiums, an adjustment to the inclusion of foreign source corporate income, and a credit for qualified donations of conservation easements. In total, OSPB projects that these changes will reduce revenue by $18.1 million in Fiscal Year 1999-00. Several products were exempted from sales and use taxes, and increases in tonnage exemptions will reduce severance tax. OSPB estimates these two items together will reduce Fiscal Year 1999-00 revenue by $13.1 million.

In the fall of recent years, the legislature has convened in special session to determine how the state would refund TABOR excess revenues. However, in the 1999 regular session, the General Assembly enacted mechanisms to refund Fiscal Year 1998-99 and subsequent years' excess revenue. Each of the mechanisms has an excess revenue threshold that makes it applicable. The mechanisms include:

- An earned income tax credit, estimated to refund $29.5 million dollars in the first fiscal year,
- A refund of various state business taxes for businesses paying local personal property tax, estimated to refund $100 million in the first year, and
- A sales tax refund expected to distribute the remaining $550.1 million of excess TABOR revenues. This refund is a fixed amount for each of six tiers of federal adjusted gross income. The Department of Revenue calculates the amount of the individual refund for each tier as a statutory percentage of the total sales tax refund divided by the number of anticipated taxpayers in each tier.

Federal Adjusted Gross Income	Tier Percentage	Total Sales Tax Refund (in Thousands)	Individual Refund
0-25,000	25	$ 137,533.5	$ 159
25,001-50,000	23	126,530.8	212
50,001-75,000	19	104,525.5	244
75,001-100,000	12	66,016.1	290
100,001-125,000	6	33,008.0	312
125,001 and Greater	15	82,520.1	502
Totals	100	$ 550,134.0	

The General Assembly also modified selected capital gains rules and enacted a limited exemption of dividend, interest, and capital gains income for Fiscal Year 2000-01 and subsequent years.

Based on the governor's proposal, the General Assembly submitted a ballot question for the November 1999 statewide election to determine if the state can issue revenue anticipation notes of $1.7 billion to fund accelerated transportation projects. The borrowing would result in a maximum $2.3 billion repayment cost to be paid from anticipated federal transportation funds. In addition, the state continued the diversion of 10% of sales tax receipts from the General Fund to the Highway Fund. During Fiscal Year 1998-99, the state diverted $170.4 million to the Highway Fund.

The General Assembly authorized the state treasurer to issue approximately $175 million of state pension-obligation notes. The proceeds will be used to make a lump sum payment to the Fire and Police Pension Association in lieu of the state's annual contribution through 2009. Earnings on the lump sum payment in excess of the state's annual contribution amount will revert to the state when the unfunded actuarial liabilities of the old-hire pension funds are met. Annual appropriations will fund the debt service of the notes.

The State of Colorado participated in a multi-state suit against tobacco companies to recover state expenditures related to smoking illnesses. The General Assembly created a fund in which to deposit proceeds from Colorado's portion of the multi-billion dollar settlement. The state has not received any monies from the settlement, and the legislature has considered but has taken no action regarding the use of the tobacco settlement funds.

BUDGETARY CONTROLS AND ACCOUNTING SYSTEMS

The annual budget of the state for ongoing programs, except for federal and custodial funds, is enacted by the General Assembly. New programs are funded for the first time in the enabling legislation and continued through the Long Appropriations Act in future periods. For the most part, appropriations lapse at the end of the fiscal year unless the state controller approves an appropriation roll-forward required by extenuating circumstances. Capital construction appropriations are normally effective for three years.

The state records the budget in its accounting system along with federal awards and custodial funds of the various departments. Encumbrances are also recorded and result in a reduction of the budgeted spending authority. Encumbrances represent the estimated amount of expenditures that will be incurred when outstanding purchase orders, contracts, or other commitments are fulfilled. Open encumbrances in the General Fund are not reported as a reservation of fund balance unless the related appropriations are

approved for roll-forward to the subsequent fiscal year. Fund balance is reserved for open encumbrances that represent legal or contractual obligations in the Capital Projects Fund and the Department of Transportation's portion of the Special Revenue Fund.

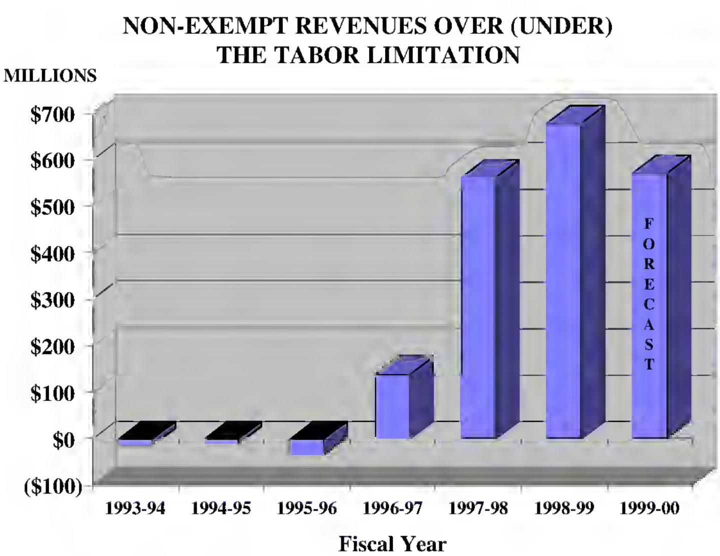
The state's financial records for governmental type funds are accounted for on a modified accrual basis with the revenues recorded when available and measurable, while expenditures are recorded when goods or services are received or a liability is expected to be liquidated from current available resources. The state maintains proprietary and fiduciary fund type accounting records on the full accrual basis. That is, revenues are recorded when earned, and expenses, including depreciation, are recorded when incurred.

In developing the state's accounting system, consideration has been given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. Those controls also assure the reliability of financial records for preparing financial statements and maintaining the accountability for assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from that control. The evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within this framework. We believe that the state's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

FINANCIAL OVERVIEW

Fiscal Year 1998-99 is the sixth year of state operations under the TABOR revenue limitations (Article X, Section 20 of the state's constitution). With certain exceptions, the rate of growth of state revenues is limited to the combination of the percentage change in the state's population and inflation based on the Denver-Boulder CPI-Urban index. The exceptions include federal funds, gifts and donations, sales of property, refunds, damage recoveries, and transfers.

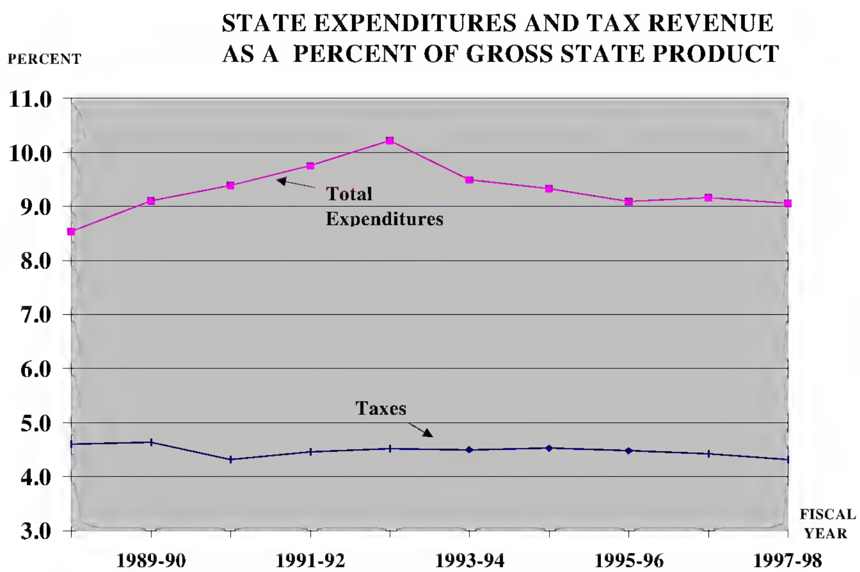


Revenues collected in excess of the limitation must be returned to the citizens unless a vote at the annual election in November allows the state to retain the surplus. TABOR also limits the General Assembly's ability to raise taxes and borrow money. With the exception of a declared emergency, taxes can only be raised by a vote of the people at the annual election. Multiple year borrowings can only be undertaken after approval by a vote of the people at the annual election.

In the first three years of operation under TABOR, the state did not exceed the revenue limitation. In Fiscal Years 1998-99, 1997-98, and 1996-97, state revenues exceeded the TABOR limitation by $679.6,

$563.2, and $139.0 million, respectively. The state recorded a liability in the General Fund at June 30 for these amounts in each fiscal year. See Note II-D Tax, Spending, and Debt Limitations in the notes to the financial statements for additional details.

Notwithstanding the tax reductions discussed above, the Office of State Planning and Budgeting forecasts larger revenues than the TABOR amendment allows. It should be noted that the Fiscal Year 1999-00 TABOR revenue limitation is 4.5 percent below the pre-refund actual revenues for Fiscal Year 1998-99.



TABOR controls state revenues by limiting their growth to the sum of inflation plus population increases. If, however, the state's economy grows at a rate above the percentage change in inflation and population then state revenues would contract as a percentage of the Gross State Product (GSP). The chart at left shows the trend of state expenditures and tax revenues as a portion of GSP. This chart demonstrates several important points:

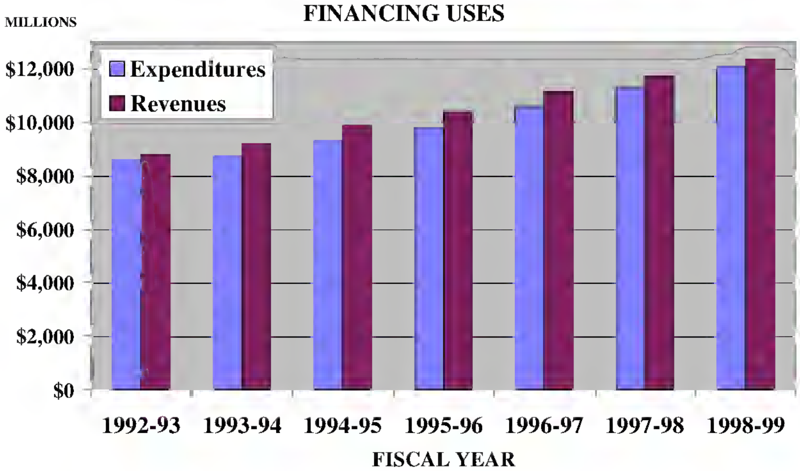
- State expenditures as a portion of GSP expand and contract even when tax revenues remain stable.
- Over the period covered by the graph state tax revenues have remained between 4.31 and 4.63 percent of GSP. Federal revenues, which are primarily grants, and cash revenues, which are primarily exchanges for goods or services, funded most of the variation in state expenditures.
- The increase in total expenditure percentage between 1989 and 1993 was primarily the result of healthcare inflation under the Medicaid mandate and distributions to school districts to relieve local property tax burdens. The former was funded partially by federal revenue and partially by general-purpose tax revenue, while the latter was funded primarily by general-purpose tax revenues. Neither required a tax increase.
- General tax revenue at 4.31 percent of GSP is at its lowest level in the period covered by the chart.

We anticipate that state tax revenues will continue to decline relative to the GSP as long as the state's economy continues its expansion. If the economy were to contract abruptly, state revenues could rise as a percentage of the GSP in the short term. However, without a tax increase or retention of the TABOR surplus (both require a vote of the people), the long-term trend would remain downward.

The current combined balance sheet for the state's primary government shows total assets of $13,132 million and liabilities of $3,942 million. Under current accounting principles, this difference of $9,190 million is the financial equity that the citizens of Colorado have in their state government. The state's

current accounting practices do not include the recording of infrastructure on the state's books. Thus, the recorded equity is exclusive of such assets as highways, bridges, and parks. Similarly, there is no recording of the estimated cost to maintain those assets.

TOTAL REVENUES AND OTHER FINANCING SOURCES TOTAL EXPENDITURES/EXPENSES AND OTHER FINANCING USES



Total revenues and other financing sources for the primary government, excluding operating transfers-in and excess TABOR revenues, were $12,355 million and $11,713 million in Fiscal Years 1998-99 and 1997-98, respectively. Total expenditures/-expenses and financing uses, excluding operating transfers-out and the TABOR refund liability, were $12,092 million and $11,312 million for each of the same periods.

For Fiscal Year 1998-99, various fund equity accounts changed from the beginning of the fiscal year due to differences between revenues, other financing sources, transfers-in, and expenditures, other financing uses, and transfers-out. The equity of the governmental fund types declined by $128.5 million primarily due to a $372.3 million decline in the General Fund, a $69.2 million increase in the Special Revenue, and a $174.4 million increase in the Capital Projects Fund. The General Fund decline was related to spending from fund balance and a $116.5 million increase in the TABOR refund. The increase in the Special Revenue Fund was primarily related to increases in tax, license, permits, and fines revenue that were encumbered but not yet expended on highway projects. The increase in the Capital Projects Fund was primarily related to increased transfers-in from the General Fund that will be expended over the life of currently appropriated projects. The combined fund equities of the colleges and universities increased by $261.7 million primarily related to increases in capital assets recorded in the Plant Funds. The Trust Fund equity increased by $280.9 million primarily due to a change in generally accepted accounting principles that require the Employees Deferred Compensation Fund to be reported as an expendable trust fund rather than an agency fund.

GENERAL FUND ACTIVITIES

The General Fund is the focal point in determining the state's financial position. This fund accounts for all revenues and expenditures that are not required by law to be accounted for in other funds. Revenues of the General Fund consist of two broad categories, general-purpose revenues and augmenting revenues. General-purpose revenues are taxes, fines, and other similar sources that are raised without regard to how they will be spent. Augmenting revenues consist of federal funds, transfers-in, cash fees and charges, or specific user taxes. Augmenting revenues are usually restricted as to how they can be spent.

In the CAFR, all statements depicting the General Fund in the General Purpose Financial Statements Section include general purpose and augmenting revenues and the related expenditures. The *Schedule of*

Revenues, Expenditures, and Changes in General Fund Surplus, Budget and Actual, presented in the Combining Financial Statements and Schedules Section, includes only the general purpose revenues and expenditures supported by those revenues. Therefore, we use the General Fund Surplus Schedule to discuss budget variances.

The revised budget frequently varies from the original budget for several reasons. The department's submit their request for original budget nearly a year in advance of the fiscal year. Therefore, conditions may have changed during the time the legislature evaluates and finalizes the original budget. In addition, mandated programs may have overruns beyond the department's control. When this occurs, the legislature enacts a supplemental bill increasing the department's budget. Supplemental bills may also reduce a department's budget. In Fiscal Year 1998-99, the following significant variances occurred between original and revised general fund budget.

- The Department of Health Care Policy and Financing revised budget exceeded the original budget by $8.8 million due to a $7.2 million legislative supplemental and $1.6 million budget transfer from the Department of Human Services for Medicaid matching funds. The Medicaid program expenditures are mandated for the receipt of related federal funds.
- The Department of Corrections revised budget was $8.1 million less than the original budget due to a $6.6 million negative supplemental to limit staff costs expenditures when construction delayed the opening of the Sterling Correctional Facility. The Department of Corrections also transferred $2.4 million of spending authority to the Governor's Office for the Disaster Emergency Fund.
- The Governor's Office revised budget exceeded the original budget by $4.3 million due to a $1.9 million supplemental to verify Year 2000 computer-problem remediation efforts. The Governor's Office budget also increased due to the $2.4 million transfer from the Department of Corrections for Disaster Emergency Fund expenditures.
- The Judicial Branch revised budget exceeded the original budget by $3.4 million to cover additional case load costs related to mandated representation in an increasing number of death penalty cases. Increasing discovery costs also contributed to the need for increased spending authority.
- The Department of Revenue's revised budget exceeded its original budget by $1.8 million reflecting a supplemental appropriation for computer software upgrading and programming to address Year 2000 tax processing issues. The supplemental became necessary when the Department of Revenue determined that a new system to replace the individual income tax system would not be available in time.

In Fiscal Year 1998-99, the following significant variances occurred between the revised general fund budget and the actual expenditures:

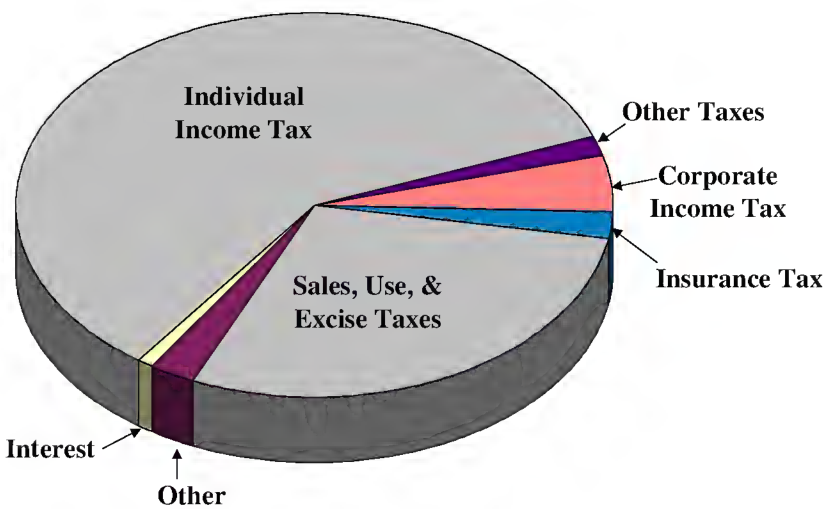
- The Department of Health Care Policy and Financing general fund expenditures exceeded the revised budget by $11.0 million due to increases in Medicaid medical services costs. A similar overexpenditure of federal Medicaid funds resulted in a total overexpenditure of $22.4 million. The department is statutorily allowed unlimited Medicaid overexpenditures due to the mandatory nature of the program.
- The Department of Revenue revised budget exceeded actual expenditures by $9.4 million. A special bill appropriation increasing spending authority for the Property Tax - Rent - Heat or

Fuel - Assistance for the Elderly or Disabled program accounted for $6.7 million of this variance. The Act and the appropriation was effective January 1, 1999, but the expenditures for these increased tax credits will not occur until calendar year returns are filed in early Year 2000 (Fiscal Year 1999-00). Department expenditures for the Old Age Pension (OAP) program were $1.2 million less than the revised budget. The OAP budget, which the State Constitution continuously appropriates at an amount necessary to make payments to qualifying recipients, was inaccurately estimated.

- The Department of Corrections revised budget exceeded actual expenditures by $7.1 million due to reduced staff and service costs related to delays in completion of the Sterling Correctional Facility and a reduction in the size of the Four Mile Correctional Center. In addition, reduction in the number of inmates paroled resulted in lower parole caseload costs.

Beginning in Fiscal Year 1997-98, the state began allocating 10 percent of the General Fund sales and use tax revenues to the Highway Users Tax Fund (HUTF). These revenues, which amounted to $170.4 million and $154.6 million in Fiscal Years 1998-99 and 1997-98 respectively, are no longer recorded as general-purpose revenues.

GENERAL PURPOSE REVENUES BY SOURCE

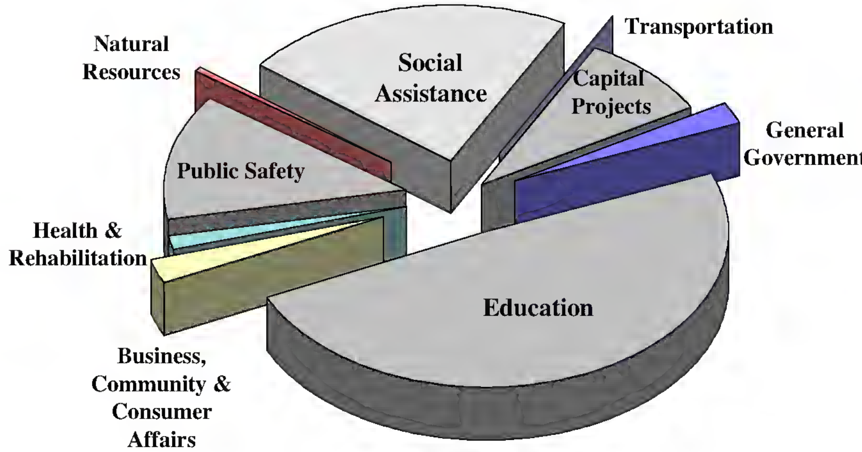


General-purpose revenues for Fiscal Years 1998-99 and 1997-98 were $5,623 million and $5,244 million, respectively, on the budgetary basis. Sales, use and excise taxes increased by $143.1 million or 9.6 percent, and individual income taxes increased by $275.1 million or 9.0 percent. These increases demonstrate the moderating but robust health of the Colorado economy. Other Taxes decreased by $36.6 million or 28.0 percent moving toward the historical trendline after unusually high estate tax receipts were recorded in Fiscal Year 1997-98.

On the budgetary basis and excluding the TABOR refund, total expenditures and transfers-out funded from general-purpose revenues during Fiscal Years 1998-99 and 1997-98 were $5,279.1 million and $4,724.0 million, respectively (see page 97). The Departments of Education, Health Care Policy and Financing, Higher Education, and Human Services accounted for approximately 75.2 percent of all Fiscal Year 1998-99 general funded expenditures. Of the departments with substantial general funded expenditures, the Department of Corrections had the largest annual percentage increase over the previous year at 14.0 percent. This increase represents the cost of additional staffing and operations at new prisons.

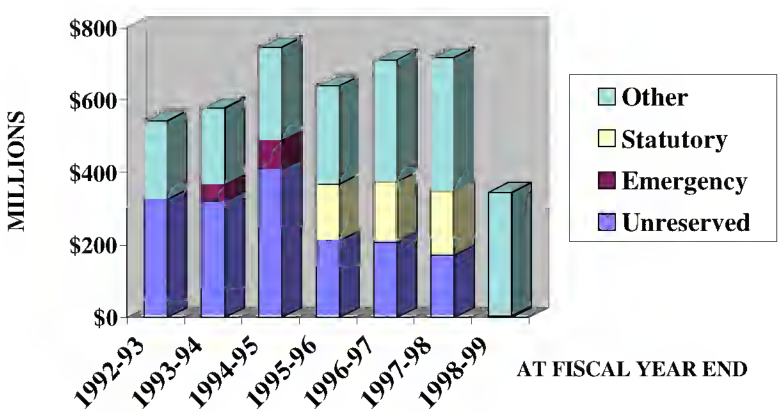
The total annual increase in general funded expenditures is limited to six percent over the previous year with certain adjustments. The primary adjustments are for changes in federal mandates and lawsuits against the state. This limitation is controlled through the legislative budget process.

EXPENDITURES BY FUNCTION FROM GENERAL PURPOSE REVENUES



The "Unreserved" title, in the fund equity section of the General Fund on the *Combined Balance Sheet* of the General Purpose Financial Statements, relates to the accumulated net general-purpose revenues. The cumulative net augmenting revenues are represented as "Reserved for Other Specific Purposes." Augmenting revenues of the General Fund were $2,234 million and $2,128 million in Fiscal Year 1998-99 and 1997-98, respectively. Federal grants and contracts made up 87.1 percent and 87.8 percent of this amount in each respective fiscal year. The remainder is cash funds, which consist of revenues of specific programs that are statutorily restricted.

RESERVED AND UNRESERVED GENERAL FUND FUND BALANCE



During Fiscal Years 1993-94 and 1994-95 a portion of the General Fund fund balance was reserved for emergencies as required by Article X, Section 20 (TABOR) of the State Constitution. Beginning with Fiscal Year 1995-96, a portion of the fund balance of the Controlled Maintenance Trust Fund is designated by the legislature as the TABOR emergency reserve.

Beginning in Fiscal Year 1995-96, the state controller reserved an amount equal to the statutorily required four percent of General Fund appropriation. Before that, the four- percent reserve was determined during the appropriation process but was not formally recognized in the financial statements. In Fiscal Year 1998-99, the required reserve was $188.12 million; however, only $4.85 million was available for this reserve on the generally accepted accounting principle basis. Legal compliance was achieved on the budgetary basis because the unrealized loss on investments of $1.28 million is not recognized, and the Fiscal Year 1998-99 TABOR refund of $679.63 million will not be recognized until it is paid in Fiscal Year 1999-00.

PROPRIETARY OPERATIONS

Proprietary type funds are accounted for using the full accrual basis of accounting, as would a private business. Their operations have many of the attributes of a business in that their revenue relates to the provision of goods or services to the state or to the public. Capital investments of these operations are recorded within the fund and depreciation is recorded using methods similar to private enterprise. Proprietary funds consist of enterprise funds that provide services to the citizens of the state, and internal service funds that provide services to the state government.

The State Fair Authority, an enterprise fund, received $1,874,038 of fixed assets from the General Fixed Assets Account Group. The State Nursing Homes, an enterprise fund, received $39,923 of fixed assets funded by the Capital Construction Fund. The Public Safety Fund, an internal service fund, purchased an aircraft for $499,900 that was funded by the Capital Projects Fund. The Highway Fund, a special revenue fund, transferred $89,379 to the Highways Internal Service Fund.

Total fund equity for the proprietary funds at June 30, 1999 and June 30, 1998, was $118.0 million and $109.4 million, respectively – an increase of $8.6 million. Operating revenues for the proprietary operations were $701.4 million for Fiscal Year 1998-99 and $685.3 million for Fiscal Year 1997-98. Operating expenses were $609.5 million and $640.8 million, respectively. During Fiscal Year 1998-99, the major transfers from the Lottery Fund were $33.9 million to the Conservation Trust Fund and $8.5 million to the Wildlife Fund. In addition, the Lottery Fund distributed $42.3 million of net proceeds to the Great Outdoors Colorado Trust Fund, a constitutionally created public authority.

DEBT ADMINISTRATION

The State Constitution prohibits the state from incurring any general obligation debt. However, the state issues revenue anticipation notes to meet short-term cash needs and certificates of participation under a master lease agreement to finance some capital projects. In addition, many higher education institutions have issued bonds and notes with revenues pledged from specific user payments to retire these bonds and notes. Additional information is provided in the footnotes to the general-purpose financial statements and the statistical section of this report.

CASH MANAGEMENT

Statutes permit the state treasurer to invest cash not needed immediately to pay obligations of the state. These investments may consist of obligations of the United States, commercial paper of prime quality, repurchase agreements, bank acceptance agreements, and other investment instruments. The state treasurer also invests the funds of the Colorado Water Resources and Power Development Authority, a component unit, and the Great Outdoors Colorado Trust Fund. At June 30, 1999, the state treasurer held the following investments at fair value:

Investment Type	Amount in Millions
United States Treasury and Agencies	$ 1,723.4
Asset Backed Securities	913.4
Corporate Bonds	643.4
Commercial Paper	484.8
Mortgages	301.4
Bankers' Acceptance	41.3
Total	$ 4,107.7

Included above is $633.9 million belonging to the Colorado Compensation Insurance Authority that the state treasurer maintains in a separate investment trust fund. The financial statements of that fund are included in this report.

RISK MANAGEMENT

The state self-insures its agencies, officials, and employees against the risk of loss related to general liability, motor vehicle liability, workers' compensation, and medical claims. The state uses the General Fund and the General Long-Term Debt Account Group to account for the risk management function including operations and for all claims or judgments except for employee medical claims. (See Notes I-E, IV-D, and IV-F to the General Purpose Financial Statements). Medical claims for officials and employees are managed through the State Employees and Officials Insurance Fund, an internal service fund. Property claims are not self-insured, as the state has purchased insurance. (See Note IV-F to the General Purpose Financial Statements.)

The Regents of the University of Colorado are self-insured for workers' compensation, auto, general and property liability, and employee and official's medical claims. A third party administers the university's medical claims under a contractual agreement. The university has also purchased stop-loss insurance for individual medical claims over $500,000. (See Note IV-F to the General Purpose Financial Statements.)

INDEPENDENT AUDIT

The audit of the General Purpose Financial Statements was performed by the state auditor. The opinion of the auditor is on page 28 of this report preceding the financial statements. Besides an audit of the statewide financial statements, the auditor will from time to time audit the financial statements and operations of various departments and institutions within state government.

In 1996, the United States Congress amended the Single Audit Act of 1984. The amended act clarifies the state's and the auditor's responsibility for ensuring that federal moneys are used and accounted for properly. Under the requirements of this act, transactions of major federal programs are tested. The state prepares a Schedule of Expenditures of Federal Awards for inclusion in the state auditor's Statewide Single Audit Report. The state auditor issues reports on the schedule, the financial statements, internal controls, and compliance with the requirements of federal assistance programs.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the state for the Fiscal Year 1997-98 Comprehensive Annual Financial Report. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

ACKNOWLEDGMENTS

In conclusion, I thank my staff and the staffs of all the state departments and institutions whose time and dedication have made this report possible. I reaffirm our commitment to maintaining the highest standards of accountability in financial reporting.

Sincerely,

Arthur L. Barnhart
State Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Colorado

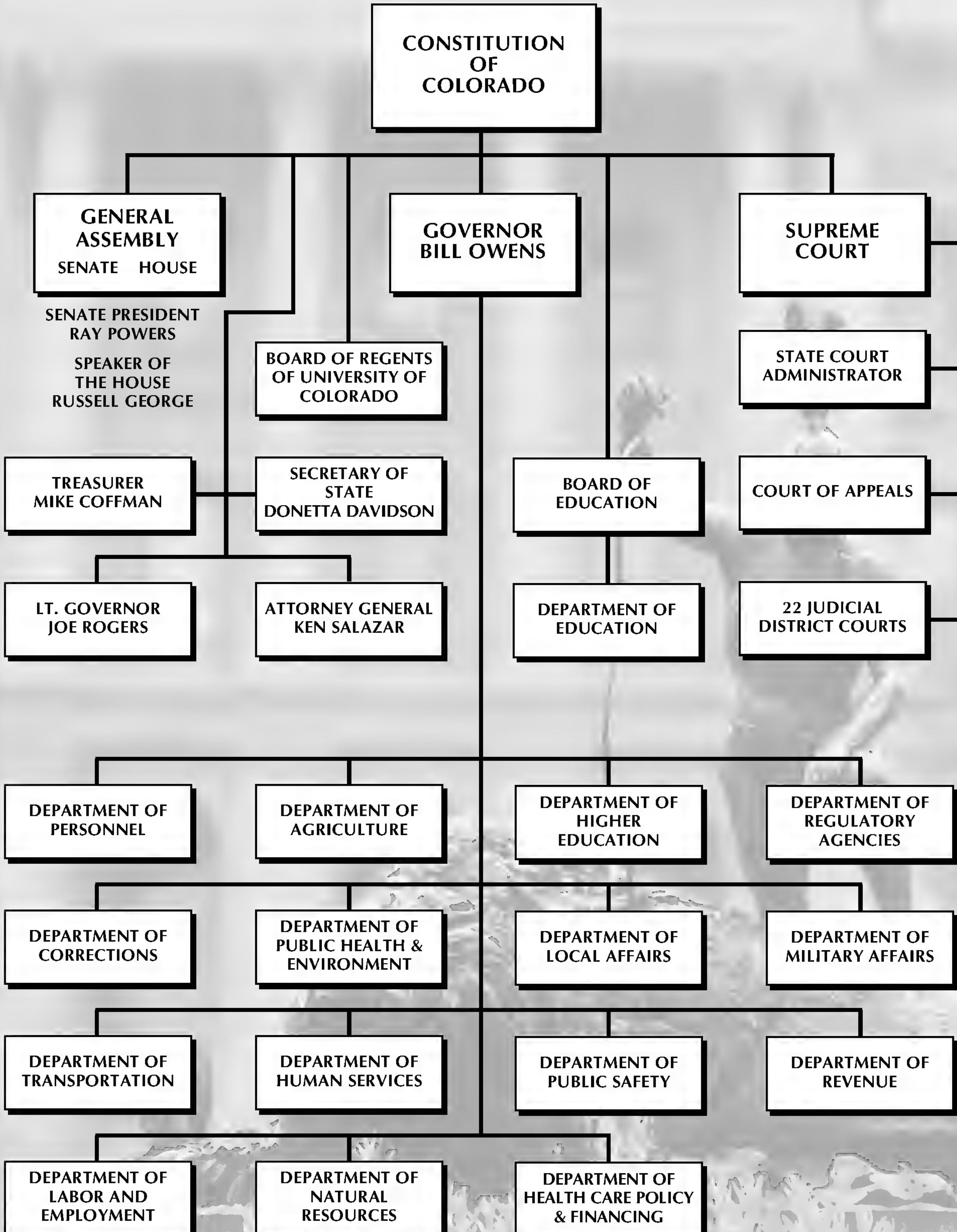
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

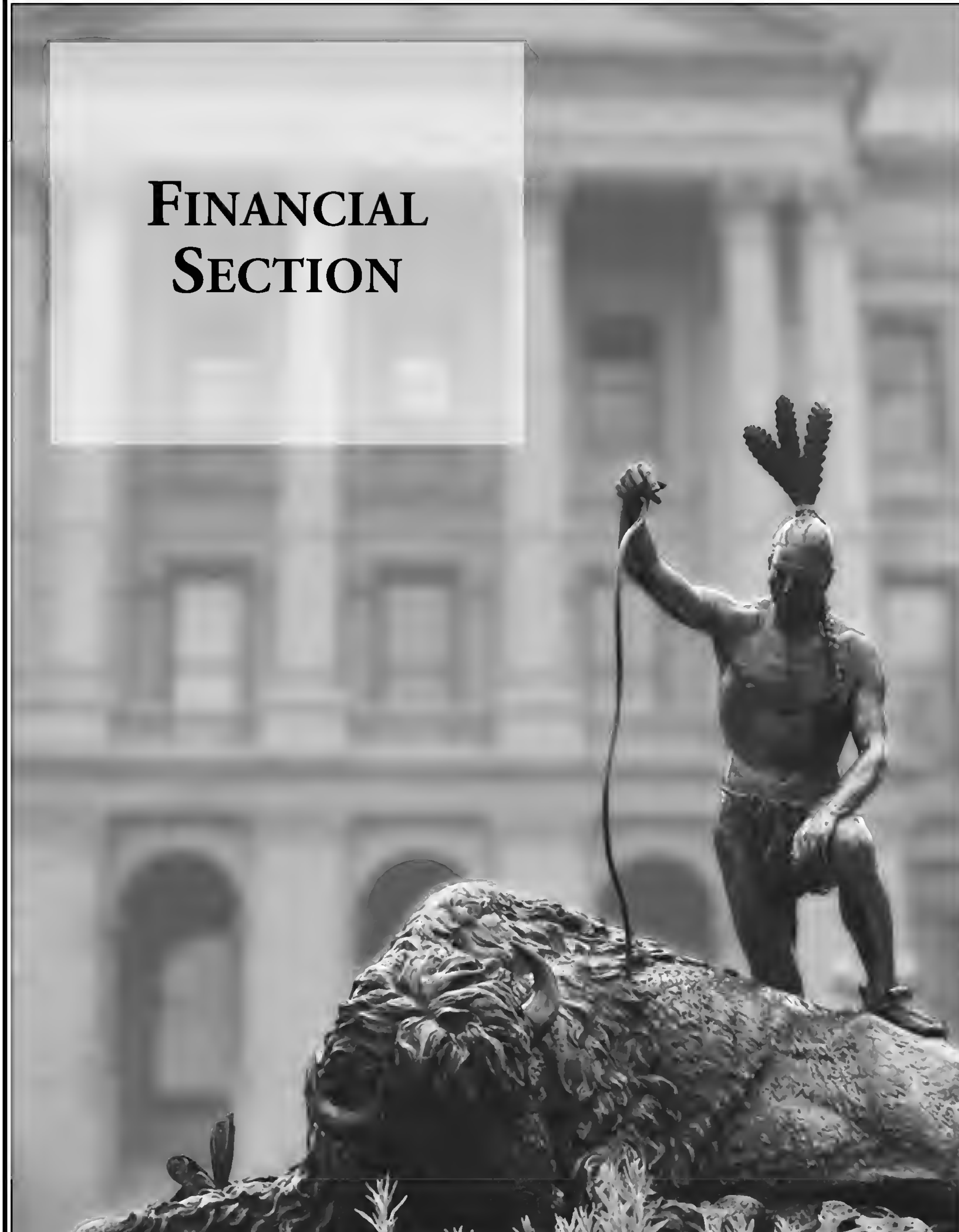
President

Executive Director

PRINCIPAL ORGANIZATIONS AND KEY OFFICIALS



FINANCIAL SECTION



STATE OF COLORADO

OFFICE OF THE STATE AUDITOR
(303) 866-2051
FAX (303) 866-2060

J. DAVID BARBA, CPA
State Auditor

Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-2211

November 4, 1999

Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited the general purpose financial statements of the State of Colorado, as of and for the year ended June 30, 1999. These general purpose financial statements are the responsibility of the State of Colorado's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of Colorado, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 1999, on our consideration of the State of Colorado's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the State of Colorado. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The introductory section, graphic presentation, and statistical section were not audited by us and, accordingly, we do not express an opinion on them.

J. David Barba

GENERAL PURPOSE FINANCIAL STATEMENTS

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS AT JUNE 30, 1999
AND DISCRETELY PRESENTED COMPONENT UNITS

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
ASSETS AND OTHER DEBITS:				
Cash and Pooled Cash	$ 1,034,496	$ 707,926	$ 124	$ 582,835
Taxes Receivable, net	692,887	77,794	-	-
Other Receivables, net	69,824	14,275	16	1,136
Due From Other Governments	243,244	98,559	341	792
Due From Other Funds	39,131	16,826	-	1,922
Inventories	8,248	6,963	-	-
Prepaids, Advances, and Deferred Charges	33,156	357	-	3,078
Investments	188	101,309	4,232	21,981
Property, Plant and Equipment, net	-	-	-	-
Rights Under Deferred Compensation	-	-	-	-
Other Long-Term Assets	6,574	128,997	-	202
Amount Available in Debt Service Fund	-	-	-	-
Amount To Be Provided For Retirement Of Long-Term Obligations	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	$ 2,127,748	$ 1,153,006	$ 4,713	$ 611,946
LIABILITIES:				
Warrants Payable	$ 106,882	$ 19,227	$ 2	$ 5,466
Tax Refunds Payable	374,108	393	-	-
Accounts Payable and Accrued Liabilities	368,230	117,961	-	32,137
TABOR Refund Liability (See Note II-D)	705,927	-	-	-
Due To Other Governments	69,851	60,586	-	66
Due To Other Funds	35,247	43,711	-	1,468
Deferred Revenue	80,831	26,478	-	253
Other Current Liabilities	28,106	11,500	-	-
Deposits Held In Custody For Others	12,433	33	-	-
Capital Lease Obligations	-	-	-	-
Notes and Bonds Payable	-	-	-	-
Accrued Compensated Absences	-	-	-	-
Other Long-Term Liabilities	392	-	-	-
TOTAL LIABILITIES	1,782,007	279,889	2	39,390
FUND EQUITY AND OTHER CREDITS:				
Investment in Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings	-	-	-	-
Fund Balances:				
Reserved For:				
Encumbrances	8,385	666,441	-	214,530
Other Specific Purposes	325,936	359,347	4,711	4,568
Long-Term Assets and Long-Term Receivables	6,574	129,199	-	202
Statutorily Specified Amounts (See Note I-M)	4,846	-	-	-
Unreserved:				
Designated	-	-	-	351,217
Undesignated	-	(281,870)	-	2,039
TOTAL FUND EQUITY AND OTHER CREDITS	345,741	873,117	4,711	572,556
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	$ 2,127,748	$ 1,153,006	$ 4,713	$ 611,946

See accompanying notes to the financial statements.

PROPRIETARY FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS			MEMORANDUM ONLY	
ENTERPRISE	INTERNAL SERVICE	TRUST & AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	COLLEGE AND UNIVERSITY FUNDS	TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
$ 88,385	$ 35,444	$ 1,124,297	$ -	$ -	$ 271,897	$ 3,845,404	$ 121,969
-	-	119,025	-	-	-	889,706	5,442
16,036	2,451	28,620	-	-	165,878	298,236	54,602
12,002	27	980	-	-	40,060	396,005	18,629
347	85	46,401	-	-	25,008	129,720	16,244
12,189	661	9	-	-	23,193	51,263	4,212
552	168	31	-	-	17,526	54,868	3,484
243	-	1,142,944	-	-	488,597	1,759,494	504,376
34,810	56,060	12,050	1,730,823	-	2,967,334	4,801,077	355,385
-	-	327,316	-	-	-	327,316	-
787	-	14,928	-	-	5,584	157,072	356,587
-	-	-	-	4,711	-	4,711	-
-	-	-	-	417,066	-	417,066	-
$ 165,351	$ 94,896	$ 2,816,601	$ 1,730,823	$ 421,777	$ 4,005,077	$ 13,131,938	$ 1,440,930
$ 5,147	$ 2,849	$ 6,096	$ -	$ -	$ 11,184	$ 156,853	$ -
-	-	378	-	-	-	374,879	-
8,031	8,632	24,747	-	-	141,484	701,222	63,344
-	-	-	-	-	-	705,927	-
11,580	-	146,011	-	-	-	288,094	103,794
17,543	1,076	7,823	-	-	22,852	129,720	16,244
2,133	9,669	4,532	-	-	80,605	204,501	1,458
16,590	24,460	9,961	-	-	9,474	100,091	18,825
37	-	208,902	-	-	21,033	242,438	-
1,215	26,311	89	-	32,755	121,274	181,644	-
2,712	-	-	-	-	341,280	343,992	616,126
2,976	1,118	203	-	104,809	79,828	188,934	5,562
110	44	4,046	-	284,213	34,459	323,264	2,342
68,074	74,159	412,788	-	421,777	863,473	3,941,559	827,695
-	-	-	1,730,823	-	2,319,072	4,049,895	-
24,187	8,914	-	-	-	-	33,101	92,761
73,090	11,823	-	-	-	-	84,913	201,898
-	-	-	-	-	-	889,356	-
-	-	2,149,102	-	-	661,995	3,505,659	108,191
-	-	8,000	-	-	-	143,975	-
-	-	217,302	-	-	-	222,148	-
-	-	29,429	-	-	150,111	531,688	-
-	-	(20)	-	-	10,426	(270,356)	210,385
97,277	20,737	2,403,813	1,730,823	-	3,141,604	9,190,379	613,235
$ 165,351	$ 94,896	$ 2,816,601	$ 1,730,823	$ 421,777	$ 4,005,077	$ 13,131,938	$ 1,440,930

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS FOR THE YEAR ENDED JUNE 30, 1999 AND DISCRETELY PRESENTED COMPONENT UNITS

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
REVENUES:				
Taxes (See Note II-D)	$ 4,792,932	$ 772,714	$ -	$ -
Licenses, Permits, and Fines	139,572	258,444	-	36
Charges for Goods and Services	168,931	11,653	-	-
Investment Income	55,945	32,007	236	40,552
Federal Grants and Contracts	2,102,177	348,557	-	9,933
Other	99,896	26,881	-	12,560
TOTAL REVENUES	7,359,453	1,450,256	236	63,081
EXPENDITURES:				
Current:				
General Government	199,564	6,038	-	-
Business, Community and Consumer Affairs	192,722	17,528	-	-
Education	64,128	6,572	-	-
Health and Rehabilitation	403,942	8,504	-	-
Justice	641,348	48,335	-	-
Natural Resources	57,357	65,504	-	-
Social Assistance	1,992,853	-	-	-
Transportation	458	876,385	-	-
Capital Outlay	20,346	29,936	-	202,686
Intergovernmental:				
Cities	37,462	129,823	-	1,528
Counties	838,379	159,861	-	84
School Districts	2,157,296	434	-	-
Special Districts	47,619	13,003	-	3,332
Federal	3,256	486	-	322
Other	43,480	4,416	-	430
Deferred Compensation Distributions	-	-	-	-
Debt Service	6,098	-	16,427	-
TOTAL EXPENDITURES	6,706,308	1,366,825	16,427	208,382
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	653,145	83,431	(16,191)	(145,301)
OTHER FINANCING SOURCES (USES):				
Operating Transfer-In	128,731	77,526	16,427	515,186
Operating Transfer-Out	(1,153,811)	(91,637)	-	(196,261)
Capital Lease Proceeds	2,675	-	-	-
Advances from Private or Public Sources	-	-	-	746
Other	(110)	(30)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,022,515)	(14,141)	16,427	319,671
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(369,370)	69,290	236	174,370
FUND BALANCE, FISCAL YEAR BEGINNING	718,011	803,916	4,475	398,186
Net Residual Equity Transfers-In (Out) (See Note III-N)	-	(89)	-	-
Prior Period Adjustment (See Note III-M)	(2,900)	-	-	-
FUND BALANCE, FISCAL YEAR END	$ 345,741	$ 873,117	$ 4,711	$ 572,556

See accompanying notes to the financial statements.

FIDUCIARY FUND TYPES EXPENDABLE TRUST	MEMORANDUM ONLY TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
$ 195,574	$ 5,761,220	$ -
24,137	422,189	-
1,043	181,627	-
104,255	232,995	2,696
12,572	2,473,239	-
39,905	179,242	-
377,486	9,250,512	2,696
2,517	208,119	-
157,741	367,991	-
321	71,021	-
446	412,892	-
3,913	693,596	-
419	123,280	-
12	1,992,865	-
-	876,843	-
191	253,159	-
22,396	191,209	-
12,889	1,011,213	-
185	2,157,915	-
3,863	67,817	-
-	4,064	-
18,078	66,404	-
14,511	14,511	-
56	22,581	-
237,538	8,535,480	-
139,948	715,032	2,696
34,209	772,079	-
(47,904)	(1,489,613)	(2,701)
-	2,675	-
-	746	-
-	(140)	-
(13,695)	(714,253)	(2,701)
126,253	779	(5)
748,843	2,673,431	42,635
-	(89)	-
288,007	285,107	-
$ 1,163,103	$ 2,959,228	$ 42,630

COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS BUDGET AND ACTUAL - ALL BUDGETED FUNDS FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 2,301,058	
Income Taxes			3,602,797	
Other Taxes			591,475	
Federal Grants and Contracts			2,555,000	
Tuition and Fees			499,637	
Sales and Services			833,219	
Interest Earnings			277,968	
Medicaid Provider Revenues			73,005	
Other Revenues			711,674	
Transfers-In			4,078,785	
TOTAL REVENUES AND TRANSFERS-IN			15,524,618	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 26,205	$ 26,203	24,407	$ 1,796
Corrections	402,547	394,035	378,688	15,347
Education	3,795,443	3,779,614	3,775,502	4,112
Governor	12,774	20,020	14,290	5,730
Health Care Policy and Financing	913,829	952,614	956,828	(4,214)
Higher Education	2,013,695	2,010,879	1,958,657	52,222
Human Services	1,049,497	679,147	666,000	13,147
Judicial Branch	226,142	219,084	216,818	2,266
Labor and Employment	224,576	262,312	241,272	21,040
Law	29,824	29,676	26,578	3,098
Legislative Branch	27,720	29,844	25,286	4,558
Local Affairs	134,889	140,020	95,487	44,533
Military Affairs	4,953	5,607	5,137	470
Natural Resources	282,974	257,708	175,270	82,438
Personnel	302,632	303,351	277,819	25,532
Public Health and Environment	77,616	97,709	75,339	22,370
Public Safety	118,045	119,245	115,410	3,835
Regulatory Agencies	67,164	67,065	60,909	6,156
Revenue	686,521	719,129	635,430	83,699
State	17,273	17,308	14,136	3,172
Transportation	355,859	244,664	120,110	124,554
Treasury	991,681	991,789	960,308	31,481
Transfers Not Appropriated by Department	468,297	470,179	470,179	-
Fiscal Year 1997-98 TABOR Refund (Notes II-A, II-D)	528,800	563,163	563,163	-
SUB-TOTAL OPERATING BUDGETS	12,758,956	12,400,365	11,853,023	547,342

COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS BUDGET AND ACTUAL - ALL BUDGETED FUNDS FOR THE YEAR ENDED JUNE 30, 1999 (Continued)

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	2,512	2,668	707	1,961
Corrections	14,104	270,003	142,250	127,753
Education	233,781	303,293	225,149	78,144
Governor	14,120	75,586	37,296	38,290
Health Care Policy and Financing	941,009	986,266	967,662	18,604
Higher Education	269,849	413,253	183,830	229,423
Human Services	459,447	867,646	576,351	291,295
Judicial Branch	2,250	5,810	3,393	2,417
Labor and Employment	90,083	133,900	87,307	46,593
Law	676	684	639	45
Local Affairs	38,151	77,019	32,776	44,243
Military Affairs	127,559	18,328	11,780	6,548
Natural Resources	145,282	190,226	67,936	122,290
Personnel	27,436	27,781	21,295	6,486
Public Health and Environment	153,610	196,165	152,283	43,882
Public Safety	21,332	68,923	29,916	39,007
Regulatory Agencies	798	3,139	2,145	994
Revenue	2,729	9,504	2,396	7,108
Transportation	1,042,006	1,778,185	886,116	892,069
Treasury	-	59,500	43,011	16,489
Budgets/Transfers Not Booked by Department	8,717	8,717	8,717	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	3,595,451	5,496,596	3,482,955	2,013,641
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 16,354,407	$ 17,896,961	15,335,978	$ 2,560,983
EXCESS OF TRANSFERS AND REVENUES OVER/(UNDER) EXPENDITURES/EXPENSES - BUDGETARY BASIS			188,640	
(Increase)/Decrease in TABOR Refund			(116,471)	
Increase/(Decrease) in Unrealized Gains/Losses			(152,866)	
Increase for Budgeted Non-GAAP Expenditures (See Note II-E)			18,121	
(Decrease) for GAAP Expenditures Not Budgeted (See Note II-E)			84,470	
(Decrease) for GAAP Revenue Adjustments (See Note II-E)			(9,754)	
Increase/(Decrease) for Non-Budgeted Funds			280,659	
EXCESS OF TRANSFERS AND REVENUES OVER/(UNDER) EXPENDITURES/EXPENSES - GAAP BASIS			292,799	
FUND BALANCE/EQUITY, JULY1 - GAAP BASIS			8,612,473	
Prior Period Adjustments (See Note III-M)			285,106	
FUND BALANCE/EQUITY, JUNE 30 - GAAP BASIS			$ 9,190,378	

See accompanying notes to the financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 1,627,857	
Income Taxes			3,602,797	
Other Taxes			191,690	
Federal Grants and Contracts			20	
Sales and Services			1,000	
Interest Earnings			90,951	
Medicaid Provider Revenues			73,005	
Other Revenues			54,263	
Transfers-In			506,409	
TOTAL REVENUES AND TRANSFERS-IN			6,147,992	
EXPENDITURES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 7,952	$ 7,999	7,636	$ 363
Corrections	353,876	346,328	339,265	7,063
Education	1,914,489	1,914,425	1,914,295	130
Governor	3,154	7,471	5,477	1,994
Health Care Policy and Financing	871,533	882,855	892,607	(9,752)
Higher Education	676,534	676,567	676,322	245
Human Services	432,263	431,442	429,758	1,684
Judicial Branch	177,812	181,150	180,395	755
Law	10,931	10,575	9,272	1,303
Legislative Branch	24,883	25,507	23,140	2,367
Local Affairs	31,790	34,043	30,167	3,876
Military Affairs	4,154	4,108	3,874	234
Natural Resources	26,823	27,008	26,734	274
Personnel	17,162	17,222	15,256	1,966
Public Health and Environment	22,226	22,727	22,631	96
Public Safety	43,222	44,632	44,020	612
Regulatory Agencies	1,765	1,765	1,730	35
Revenue	162,834	165,988	156,381	9,607
Transportation	296	299	242	57
Treasury	31,654	31,522	31,470	52
Transfers Not Appropriated by Department	468,297	470,179	470,179	-
Fiscal Year 1997-98 TABOR Refund (Notes II-A, II-D)	528,800	563,163	563,163	-
SUB-TOTAL OPERATING BUDGETS	5,812,450	5,866,975	5,844,014	22,961

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGETARY BASIS BUDGET AND ACTUAL - GENERAL FUNDED FOR THE YEAR ENDED JUNE 30, 1999 (Continued)

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	2,070	1,773	339	1,434
Corrections	7,260	259,179	134,000	125,179
Education	6,066	5,036	898	4,138
Governor	-	23,511	12,130	11,381
Health Care Policy and Financing	6,838	1,930	251	1,679
Higher Education	158,900	294,936	105,743	189,193
Human Services	19,775	78,005	19,597	58,408
Judicial Branch	557	275	235	40
Military Affairs	936	2,842	1,303	1,539
Natural Resources	-	600	398	202
Personnel	25,793	23,279	18,839	4,440
Public Health and Environment	3,225	7,674	2,631	5,043
Public Safety	7,843	10,191	3,763	6,428
Revenue	-	5,675	873	4,802
Transportation	10,000	136,814	49,945	86,869
Budgets/Transfers Not Booked by Department	8,717	8,717	8,717	-
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	257,980	860,437	359,662	500,775
TOTAL EXPENDITURES AND TRANSFERS-OUT	$ 6,070,430	$ 6,727,412	6,203,676	$ 523,736
EXCESS OF REVENUES AND TRANSFERS-IN OVER (UNDER) EXPENDITURES AND TRANSFERS-OUT			$ (55,684)	

See accompanying notes to the financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS BUDGET AND ACTUAL - CASH FUNDED FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Sales and Other Excise Taxes			$ 673,201	
Other Taxes			399,785	
Tuition and Fees			499,637	
Sales and Services			832,219	
Interest Earnings			187,017	
Other Revenues			657,411	
Transfers-In			3,572,376	
TOTAL REVENUES AND TRANSFERS-IN			6,821,646	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Operating Budgets:				
Departmental:				
Agriculture	$ 18,253	$ 18,204	16,771	$ 1,433
Corrections	48,671	47,707	39,423	8,284
Education	1,880,954	1,865,189	1,861,207	3,982
Governor	9,620	12,549	8,813	3,736
Health Care Policy and Financing	42,296	69,759	64,221	5,538
Higher Education	1,337,161	1,334,312	1,282,335	51,977
Human Services	617,234	247,705	236,242	11,463
Judicial Branch	48,330	37,934	36,423	1,511
Labor and Employment	224,576	262,312	241,272	21,040
Law	18,893	19,101	17,306	1,795
Legislative Branch	2,837	4,337	2,146	2,191
Local Affairs	103,099	105,977	65,320	40,657
Military Affairs	799	1,499	1,263	236
Natural Resources	256,151	230,700	148,536	82,164
Personnel	285,470	286,129	262,563	23,566
Public Health and Environment	55,390	74,982	52,708	22,274
Public Safety	74,823	74,613	71,390	3,223
Regulatory Agencies	65,399	65,300	59,179	6,121
Revenue	523,687	553,141	479,049	74,092
State	17,273	17,308	14,136	3,172
Transportation	355,563	244,365	119,868	124,497
Treasury	960,027	960,267	928,838	31,429
SUB-TOTAL OPERATING BUDGETS	6,946,506	6,533,390	6,009,009	524,381
Capital and Multi-Year Budgets:				
Departmental:				
Corrections	578	3,247	1,645	1,602
Governor	-	5,336	8	5,328
Health Care Policy and Financing	51	51	7	44
Higher Education	46,608	46,446	17,404	29,042
Human Services	16,989	5,445	587	4,858
Military Affairs	-	268	133	135
Natural Resources	131,272	153,933	46,222	107,711
Personnel	1,643	4,440	2,447	1,993
Public Health and Environment	3,000	234	12	222
Public Safety	22	1,296	646	650
Regulatory Agencies	-	1,285	732	553
Revenue	1,916	1,175	73	1,102
Transportation	812,960	811,444	498,481	312,963
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	1,015,039	1,034,600	568,397	466,203
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 7,961,545	$ 7,567,990	6,577,406	$ 990,584
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 244,240	

See accompanying notes to the financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES/EXPENSES, AND CHANGES IN FUND BALANCES/EQUITY - BUDGETARY BASIS BUDGET AND ACTUAL - FEDERALLY FUNDED FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	ORIGINAL APPROPRIATION	FINAL SPENDING AUTHORITY	ACTUAL	(OVER)/UNDER SPENDING AUTHORITY
REVENUES AND TRANSFERS-IN:				
Federal Grants and Contracts			$ 2,554,980	
TOTAL REVENUES AND TRANSFERS-IN			2,554,980	
EXPENDITURES/EXPENSES AND TRANSFERS-OUT:				
Capital and Multi-Year Budgets:				
Departmental:				
Agriculture	442	895	368	527
Corrections	6,266	7,577	6,605	972
Education	227,715	298,257	224,251	74,006
Governor	14,120	46,739	25,158	21,581
Health Care Policy and Financing	934,120	984,285	967,404	16,881
Higher Education	64,341	71,871	60,683	11,188
Human Services	422,683	784,196	556,167	228,029
Judicial Branch	1,693	5,535	3,158	2,377
Labor and Employment	90,083	133,900	87,307	46,593
Law	676	684	639	45
Local Affairs	38,151	77,019	32,776	44,243
Military Affairs	126,623	15,218	10,344	4,874
Natural Resources	14,010	35,693	21,316	14,377
Personnel	-	62	9	53
Public Health and Environment	147,385	188,257	149,640	38,617
Public Safety	13,467	57,436	25,507	31,929
Regulatory Agencies	798	1,854	1,413	441
Revenue	813	2,654	1,450	1,204
Transportation	219,046	829,927	337,690	492,237
Treasury	-	59,500	43,011	16,489
SUB-TOTAL CAPITAL AND MULTI-YEAR BUDGETS	2,322,432	3,601,559	2,554,896	1,046,663
TOTAL EXPENDITURES/EXPENSES AND TRANSFERS-OUT	$ 2,322,432	$ 3,601,559	2,554,896	$ 1,046,663
EXCESS OF REVENUES AND TRANSFERS-IN OVER/(UNDER) EXPENDITURES/EXPENSES AND TRANSFERS-OUT			$ 84	

See accompanying notes to the financial statements.

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS FOR THE YEAR ENDED JUNE 30, 1999 AND DISCRETELY PRESENTED COMPONENT UNITS

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
OPERATING REVENUES:		
Licenses and Permits	$ 47	$ -
Charges for Goods and Services	441,311	182,337
Investment and Rental Income	3,165	6,469
Federal Grants and Contracts	67,150	-
Other	913	35
TOTAL OPERATING REVENUES	512,586	188,841
OPERATING EXPENSES:		
Salaries & Fringe Benefits	44,739	20,467
Operating and Travel	113,377	150,360
Cost of Goods Sold	31,244	5,018
Depreciation	3,597	12,723
Intergovernmental Distributions	2,511	-
Prizes and Awards	225,499	-
Other	-	-
TOTAL OPERATING EXPENSES	420,967	188,568
OPERATING INCOME (LOSS)	91,619	273
NON-OPERATING REVENUES AND (EXPENSES):		
Taxes	-	-
Fines	1	575
Interest and Rents	2,563	3
Grants and Donations	1,685	-
Intergovernmental Distributions	(42,324)	-
Federal Grants and Contracts	642	
State Funds	-	-
Debt Service	(33)	(1,677)
Other	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(37,466)	(1,099)
INCOME (LOSS) BEFORE OPERATING TRANSFERS	54,153	(826)
OPERATING TRANSFERS:		
Operating Transfer-In	372	702
Operating Transfer-Out	(45,205)	(3,043)
TOTAL OPERATING TRANSFERS	(44,833)	(2,341)
NET INCOME/CHANGE IN RETAINED EARNINGS	9,320	(3,167)
FUND EQUITY, FISCAL YEAR BEGINNING	86,043	23,315
Additions (Deductions) to Contributed Capital (See Note III-N)	1,914	589
FUND EQUITY, FISCAL YEAR END	$ 97,277	$ 20,737

FIDUCIARY FUND TYPES	MEMORANDUM ONLY	
NONEXPENDABLE TRUST	TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
$ -	$ 47	$ -
-	623,648	249,847
12,590	22,224	18,265
-	67,150	-
31	979	18,533
12,621	714,048	286,645
-	65,206	106,050
-	263,737	97,416
-	36,262	49,514
-	16,320	22,065
-	2,511	-
-	225,499	-
-	-	7,384
-	609,535	282,429
12,621	104,513	4,216
-	-	30,041
-	576	-
-	2,566	16,931
-	1,685	-
-	(42,324)	-
	642	
-	-	4,533
-	(1,710)	(6,812)
-	-	(347)
-	(38,565)	44,346
12,621	65,948	48,562
763	1,837	2,701
(19,258)	(67,506)	-
(18,495)	(65,669)	2,701
(5,874)	279	51,263
584,079	693,437	435,387
-	2,503	18,394
$ 578,205	$ 696,219	$ 505,044

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1999
AND DISCRETELY PRESENTED COMPONENT UNITS

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES	
	ENTERPRISE	INTERNAL SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from:		
Fees for Service	$ 26,583	$ 138,947
Sales of Products	209,062	44,752
Grants and Contracts	68,510	-
Other Sources	11,527	21,948
Cash Payments to:		
Employees	(39,529)	(16,161)
Suppliers	(71,134)	(61,060)
Lottery Prizes and Sales Commissions	(66,373)	-
Health Claims and Premiums	-	(118,611)
Financial Institutions for Loan Losses	(41,110)	-
Other Governments	(3,166)	-
Other	(8,635)	(102)
Component Unit Cash Flows from Operating Activities	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	85,735	9,713
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-In	422	702
Transfers-Out	(46,109)	(3,043)
Intergovernmental Distributions	(41,564)	-
Deposits Held in Custody	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(87,251)	(2,341)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(4,057)	(2,008)
Proceeds from Sale of Capital Assets	22	94
Income from Property	721	5,219
Proceeds from Issuance of Capital Debt	51	-
Principal Paid on Capital Debt	(278)	-
Interest Payments	(299)	(1,629)
Capital Lease Payments	(109)	(8,627)
Taxes	-	-
Bond Defeasance and Refunding	-	-
Received from Borrowers	-	-
Disbursements to Borrowers	-	-
Capitalization Grants Received	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(3,949)	(6,951)

(Continued)

FIDUCIARY FUND TYPES NONEXPENDABLE TRUST	MEMORANDUM ONLY TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
$ -	$ 165,530	$ -
-	253,814	-
-	68,510	-
-	33,475	-
-	(55,690)	-
-	(132,194)	-
-	(66,373)	-
-	(118,611)	-
-	(41,110)	-
-	(3,166)	-
-	(8,737)	-
-	-	34,100
-	95,448	34,100
828	1,952	7,360
(18,988)	(68,140)	(4,951)
-	(41,564)	-
(17,675)	(17,675)	(1)
(35,835)	(125,427)	2,408
-	(6,065)	(25,742)
-	116	491
7,581	13,521	-
-	51	211,786
-	(278)	(24,255)
-	(1,928)	(11,626)
-	(8,736)	(6)
-	-	29,619
-	-	(40,999)
-	-	13,752
-	-	(89,698)
-	-	18,422
7,581	(3,319)	81,744

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1999
AND DISCRETELY PRESENTED COMPONENT UNITS (Continued)

(DOLLARS IN THOUSANDS)	PROPRIETARY FUND TYPES ENTERPRISE	INTERNAL SERVICE
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	4,880	1,273
Proceeds from Sales of Investments	-	-
Purchases of Investments	(242)	-
Net (Increase)Decrease in Investments	-	-
NET CASH FROM INVESTING ACTIVITIES	4,638	1,273
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(827)	1,694
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	89,212	33,750
CASH AND POOLED CASH, FISCAL YEAR END	88,385	35,444
RECONCILIATION TO THE COMBINED BALANCE SHEET		
Add: Expendable Trust Funds	-	-
Investment and Pension Trust Funds	-	-
Agency Funds	-	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 88,385	$ 35,444
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ 91,619	$ 273
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	3,597	12,723
Investment/Rental Income and Interest Expense in Operating Income	(2,851)	(6,351)
Fines, Donations, and Grants and Contracts in NonOperating	2,328	575
Loss on Disposal of Fixed Assets	40	-
Interest Expense	-	-
Provision for Bad Debts	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	787	(1,698)
(Increase) Decrease in Inventories	(855)	10
(Increase) Decrease in Other Operating Assets	359	25
Increase (Decrease) in Accounts Payable	2,128	254
Increase (Decrease) in Accrued Compensated Absences	135	(13)
Increase (Decrease) in Other Operating Liabilities	(11,552)	3,915
NET CASH PROVIDED BY OPERATING ACTIVITIES	85,735	9,713
SUPPLEMENTARY INFORMATION - NONCASH TRANSACTIONS (See Note III-B):		
Fixed Assets Transferred from General Fixed Asset Group of Accounts	$ 1,914	$ 500
Donation of Fixed Assets	1,069	
Unrealized Gains on Investments		
Loss on Disposal of Fixed Assets	30	
Assumption of Capital Lease Obligation	1,370	13,779

See accompanying notes to the financial statements.

FIDUCIARY FUND TYPES	MEMORANDUM ONLY	
NONEXPENDABLE TRUST	TOTAL PRIMARY GOVERNMENT	COMPONENT UNITS
27,726	33,879	14,585
75,728	75,728	256,979
(77,102)	(77,344)	(268,993)
-	-	(118,079)
26,352	32,263	(115,508)
(1,902)	(1,035)	2,744
63,123	186,085	74,124
61,221	185,050	76,868
793,028	793,028	45,101
19,122	19,122	-
250,926	250,926	-
$ 1,124,297	$ 1,248,126	$ 121,969
$ 12,621	$ 104,513	$ 9,948
-	16,320	22,065
(12,621)	(21,823)	228
-	2,903	-
-	40	-
-	-	7,321
-	-	11,331
-	(911)	(16,441)
-	(845)	162
-	384	1,427
-	2,382	(3,051)
-	122	399
-	(7,637)	711
-	95,448	34,100
	$ 2,414	
	1,069	
4,915	4,915	
	30	
	15,149	

STATEMENT OF NET ASSETS
ALL PENSION AND INVESTMENT TRUST FUNDS
AT JUNE 30, 1999
AND DISCRETELY PRESENTED COMPONENT UNITS

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT		COMPONENT UNITS
	INVESTMENT TRUST	PENSION TRUST	PENSION TRUST
	COLORADO COMPENSATION INSURANCE AUTHORITY	DEFINED CONTRIBUTION PLAN	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY
ASSETS:			
Cash and Pooled Cash	$ 19,122	$ -	$ -
Other Receivables, net	9,124	-	-
Investments	633,859	420	-
Externally Restricted Under Pension Plan	-	-	65,561
TOTAL ASSETS	662,105	420	65,561
LIABILITIES:			
Accounts Payable and Accrued Liabilities	-	1	-
Due To Other Funds	-	20	-
TOTAL LIABILITIES	-	21	-
NET ASSETS:			
Held in Trust for Pension Plan Participants	-	420	65,561
Held in Trust for Investment Trust Participants	662,105	-	-
Unreserved	-	(21)	-
TOTAL NET ASSETS HELD IN TRUST FOR PARTICIPANTS	$ 662,105	$ 399	$ 65,561

See accompanying notes to the financial statements.

The Investment Trust and Pension Trust Fund balances of the Primary Government shown above are included in the Trust and Agency Fund Type balances shown on the *Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units.* The Pension Trust Fund balances of the University of Colorado Hospital Authority shown above are included in the Component Units column of the *Combined Balance Sheet - All Fund Types, Account Groups, and Discretely Presented Component Units.*

STATEMENT OF CHANGES IN NET ASSETS
ALL PENSION AND INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1999
AND DISCRETELY PRESENTED COMPONENT UNITS

(DOLLARS IN THOUSANDS)	PRIMARY GOVERNMENT		COMPONENT UNITS
	INVESTMENT TRUST	PENSION TRUST	PENSION TRUST
	COLORADO COMPENSATION INSURANCE AUTHORITY	DEFINED CONTRIBUTION PLAN	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY
ADDITIONS:			
Additions By Participants	$ 321,299	$ 399	$ 4,807
Investment Income	26,646	21	3,497
Employee Deferral Fees	-	29	-
TOTAL ADDITIONS	347,945	449	8,304
DEDUCTIONS:			
Deductions By Participants	475,811	-	2,023
Administrative Expense	-	50	411
TOTAL DEDUCTIONS	475,811	50	2,434
NET INCREASE (DECREASE) IN ASSETS	(127,866)	399	5,870
NET ASSETS AVAILABLE			
Beginning of the Year	789,971	-	59,691
End of the Year	$ 662,105	$ 399	$ 65,561

See accompanying notes to the financial statements.

COMBINED BALANCE SHEET
ALL COLLEGE AND UNIVERSITY FUNDS
AT JUNE 30, 1999

(DOLLARS IN THOUSANDS)	CURRENT FUNDS UNRESTRICTED	CURRENT FUNDS RESTRICTED	LOAN FUNDS	ENDOWMENT FUNDS
ASSETS:				
Cash and Pooled Cash	$ 168,817	$ 1,910	$ 3,520	$ 6,549
Accounts Receivable:				
Tuition, Fees, Charges for Services, net	57,111	21,594	79	-
Intergovernmental	1,088	38,081	215	-
Other	2,121	-	187	5
Subtotal Accounts Receivable	60,320	59,675	481	5
Loans and Notes Receivable, net	907	5	82,157	-
Due From Other Funds	3,462	4,955	1	14
Inventories	23,193	-	-	-
Other Current Assets	16,297	325	26	-
Investments	199,213	43,256	5,158	75,605
Plant Facilities:				
Land and Improvements	-	-	-	4,323
Buildings and Improvements, net	-	-	-	-
Leasehold Improvements, net	-	-	-	-
Construction in Progress	-	-	-	-
Equipment, net	-	-	-	-
Library Books	-	-	-	-
Other Fixed Assets	-	-	-	-
Subtotal Plant Facilities	-	-	-	4,323
Other Long-Term Assets	3,922	-	-	-
TOTAL ASSETS	$ 476,131	$ 110,126	$ 91,343	$ 86,496
LIABILITIES:				
Warrants Payable	$ 10,424	$ 628	$ 1	$ -
Accounts Payable and Accrued Liabilities	92,927	25,027	82	-
Due To Other Funds	13,849	3,513	-	1,730
Deferred Revenue	74,254	5,576	-	-
Other Current Liabilities	14,910	260	1,536	75
Capital Lease Obligations	-	-	-	-
Notes and Bonds Payable	49	28	-	-
Accrued Compensated Absences	79,575	253	-	-
Other Long-Term Liabilities	29,606	467	200	-
TOTAL LIABILITIES	315,594	35,752	1,819	1,805
FUND BALANCE:				
Investment in Fixed Assets	-	-	-	-
Restricted	-	74,374	89,524	84,691
Unrestricted:				
Designated	150,111	-	-	-
Undesignated	10,426	-	-	-
TOTAL FUND BALANCE	160,537	74,374	89,524	84,691
TOTAL LIABILITIES AND FUND BALANCE	$ 476,131	$ 110,126	$ 91,343	$ 86,496

See accompanying notes to the financial statements.

PLANT FUNDS				MEMORANDUM ONLY
UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTALS
$ 77,915	$ 5,293	$ -	$ 7,893	$ 271,897
256	253	-	906	80,199
640	-	-	36	40,060
192	105	-	-	2,610
1,088	358	-	942	122,869
-	-	-	-	83,069
16,149	426	-	1	25,008
-	-	-	-	23,193
849	-	-	29	17,526
148,013	13,688	-	3,664	488,597
-	-	178,880	-	183,203
-	-	1,659,449	-	1,659,449
-	-	18,497	-	18,497
277,198	-	-	-	277,198
-	-	550,589	-	550,589
-	-	277,497	-	277,497
-	-	901	-	901
277,198	-	2,685,813	-	2,967,334
666	-	996	-	5,584
$ 521,878	$ 19,765	$ 2,686,809	$ 12,529	$ 4,005,077
$ 50	$ -	$ -	$ 81	$ 11,184
16,058	2,836	-	4,554	141,484
1,762	-	1,954	44	22,852
288	-	198	289	80,605
2,245	25	3,895	7,561	30,507
38,230	213	82,831	-	121,274
65,300	1,019	274,884	-	341,280
-	-	-	-	79,828
-	211	3,975	-	34,459
123,933	4,304	367,737	12,529	863,473
-	-	2,319,072	-	2,319,072
397,945	15,461	-	-	661,995
-	-	-	-	150,111
-	-	-	-	10,426
397,945	15,461	2,319,072	-	3,141,604
$ 521,878	$ 19,765	$ 2,686,809	$ 12,529	$ 4,005,077

COMBINED STATEMENT OF CHANGES IN FUND BALANCE
ALL COLLEGE AND UNIVERSITY FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	CURRENT FUNDS UNRESTRICTED	CURRENT FUNDS RESTRICTED	LOAN FUNDS	ENDOWMENT FUNDS
REVENUES AND OTHER ADDITIONS:				
Tuition and Fees	$ 623,110	$ -	$ -	$ -
Federal Grants and Contracts	9,981	694,788	1,355	-
State and Local Grants and Contracts	557	32,496	-	-
Private Gifts, Grants, and Contracts	1,336	137,586	63	81
Indirect Cost Recoveries	95,552	-	-	-
Investment Income	22,605	5,530	392	6,059
Sales and Services of Educational Activities	102,533	68	-	-
Sales and Services of Auxiliaries and Hospitals	296,685	-	-	-
Gain (Loss) on Debt Extinguishment	-	-	-	-
Interest on Loans Receivable	-	-	2,078	-
Retirement of Indebtedness	-	-	-	-
Additions to Plant Facilities	-	-	-	-
Other Revenues and Additions	56,780	488	619	1,785
TOTAL REVENUES AND OTHER ADDITIONS	1,209,139	870,956	4,507	7,925
EXPENDITURES AND OTHER DEDUCTIONS:				
Educational and General:				
Instructional	711,968	95,772	-	-
Research	34,582	349,642	-	-
Public Service	54,530	46,091	-	-
Academic Support	165,271	8,851	-	-
Student Services	123,467	12,274	-	-
Institutional Support	178,314	12,340	-	-
Operation of Plant	128,034	1,026	-	-
Scholarships and Fellowships	37,778	290,109	-	-
Subtotal Educational and General	1,433,944	816,105	-	-
Auxiliaries and Hospitals	274,765	5,368	-	-
Indirect Cost Charges	-	95,155	397	-
Loan Cancellation and Write-off	-	-	1,489	-
Expended for Plant Facilities	-	-	-	-
Retirement of Indebtedness	-	-	-	-
Interest on Indebtedness	-	-	-	-
Disposal of Plant Facilities	-	-	-	-
Other Expenditures and Deductions	12	127	428	210
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	1,708,721	916,755	2,314	210
TRANSFERS BETWEEN FUNDS - (ADDITIONS)/DEDUCTIONS:				
Mandatory Transfers (In) Out	45,117	702	(462)	(208)
Nonmandatory Transfers (In) Out	72,293	6,649	64	(1,348)
Net Operating Transfers From State Funds	(608,291)	(53,275)	-	(200)
TOTAL EXPENDITURES, DEDUCTIONS AND TRANSFERS	1,217,840	870,831	1,916	(1,546)
NET INCREASE (DECREASE) IN FUND BALANCE	(8,701)	125	2,591	9,471
FUND BALANCE, JULY 1	169,238	74,249	86,933	75,220
FUND BALANCE, JUNE 30	$ 160,537	$ 74,374	$ 89,524	$ 84,691

See accompanying notes to the financial statements.

PLANT FUNDS			MEMORANDUM ONLY
UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	TOTALS
$ -	$ -	$ -	$ 623,110
439	168	-	706,731
702	-	-	33,755
5,134	479	3,428	148,107
-	-	-	95,552
8,794	1,047	-	44,427
-	-	-	102,601
-	-	-	296,685
-	(28)	(486)	(514)
-	-	-	2,078
3,468	-	23,276	26,744
168	-	231,506	231,674
7,712	-	3,248	70,632
26,417	1,666	260,972	2,381,582
-	-	-	807,740
-	-	-	384,224
-	-	-	100,621
-	-	-	174,122
-	-	-	135,741
-	-	-	190,654
-	-	-	129,060
-	-	-	327,887
-	-	-	2,250,049
-	-	-	280,133
-	-	-	95,552
-	-	-	1,489
188,455	-	-	188,455
395	26,443	-	26,838
994	20,514	34	21,542
-	-	33,343	33,343
2,874	154	1,846	5,651
192,718	47,111	35,223	2,903,052
122	(45,255)	(16)	-
(77,928)	421	(151)	-
(121,437)	-	-	(783,203)
(6,525)	2,277	35,056	2,119,849
32,942	(611)	225,916	261,733
365,003	16,072	2,093,156	2,879,871
$ 397,945	$ 15,461	$ 2,319,072	$ 3,141,604

NOTES TO THE FINANCIAL STATEMENTS

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying general purpose financial statements of the State of Colorado have been prepared in conformance with generally accepted accounting principles for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard setting body for establishing governmental accounting and financial reporting principles.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, the disclosed amount of contingent liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures/expenses during the reporting period. Actual results could differ from those estimates.

A. REPORTING ENTITY

For financial reporting purposes, the State of Colorado's primary government includes all funds and account groups of the state, its departments, agencies, and state funded institutions of higher education that make up the state's legal entity. The state's reporting entity also includes those component units, which are legally separate entities, for which the state's elected officials are financially accountable.

Financial accountability is defined in GASB Statement No. 14, "The Financial Reporting Entity." The state is financially accountable for those entities for which the state appoints a voting majority of the governing board, and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the state. For those entities that the state does not appoint a voting majority of the governing board, GASB Statement No. 14 includes them in the reporting entity if they are fiscally dependent. Entities that do not meet the criteria for inclusion may still be included if it would be misleading to exclude them.

Discretely presented in the combined financial statements for the state are the following entities:

- Denver Metropolitan Major League Baseball Stadium District
- University of Colorado Hospital Authority
- Colorado Water Resources and Power Development Authority
- Colorado Travel and Tourism Authority
- Colorado Uninsurable Health Insurance Plan

With the exception of the University of Colorado Hospital Authority, the majority of each governing board for these entities is appointed by the Governor and confirmed by the Senate. The Board of Regents of the University of Colorado appoints the board of the University of Colorado Hospital Authority.

The University of Colorado Hospital Authority, the Colorado Uninsurable Health Insurance Plan, and the Colorado Travel and Tourism Authority are included because they present a financial burden on the state. The Baseball Stadium District is included because its board serves at the pleasure of the Governor, and therefore, the state is able to impose its will upon the entity. The Water Resources and Power Development Authority is also included because the state is able to impose its will upon the authority. Detailed financial information may be obtained directly from these organizations.

The following related organizations, for which the state appoints a voting majority of their governing boards, are not part of the reporting entity based on the criteria of GASB Statement No. 14:

- Colorado Compensation Insurance Authority (D.B.A. Pinnacol Assurance)
- Colorado Educational and Cultural Facilities Authority
- Colorado Student Obligation Bond Authority
- Colorado Health Facilities Authority
- Colorado Agricultural Development Authority
- Colorado Housing and Finance Authority
- Colorado Sheep and Wool Authority
- Colorado Beef Council Authority
- Fire and Police Benefit Association
- The State Board of the Great Outdoors Colorado Trust Fund

Even though the appointment of governing boards of these authorities is similar to those included in the reporting entity, the state does not impose its will, nor does it have a financial benefit or burden relationship with these entities. Detailed financial information may be obtained directly from these organizations.

Various college and university foundations exist for the benefit of the related state higher education institution. These entities are included in the various note disclosures if they qualify as related parties.

The state has entered a joint operating agreement with the Huerfano County Hospital District to provide patient care at the Colorado State Veterans Nursing Home at Walsenburg. The facility is owned by the state but is operated by the hospital district under a twenty year contract that is renewable at the district's option for successive ten year terms up to 99 years from the original commencement date in November 1993.

The state's contract with the district states that the district is responsible for funding the operating deficits of the nursing home; however, since the state owns the nursing home, it retains ultimate financial responsibility for the home. Only the state's share of assets, liabilities, revenues and expenses associated with the joint operation are shown in these financial statements. These include the land, building, and some of the equipment for the nursing home as well as revenues and expenses associated with the state's on-site contract administrator. The state's pass-through of U.S. Veterans Administration's funds to the district is also shown as revenue and expense of the state.

B. FUND STRUCTURE

Primary Government

The financial activities of the state are organized on the basis of individual funds and account groups. Each fund is a separate accounting entity, in which the operations are recorded in discrete sets of self-balancing accounts that comprise the assets, liabilities, fund equity, revenues and expenditures, or expenses, of that entity. For financial statement presentation, similar funds have been combined into fund types and categories.

GOVERNMENTAL FUNDS

General Fund

Transactions related to resources obtained and used for those services traditionally provided by state government, which are not accounted for in other funds, are accounted for in the General Fund. Resources obtained from federal grants that support general governmental activities are accounted for in the General Fund consistent with applicable legal requirements.

Special Revenue Funds

Transactions related to resources obtained from specific sources, and restricted to specific purposes are accounted for in the special revenue funds. The individual funds include the Highway Fund, the Wildlife Fund, the Labor Fund, the Gaming Fund, and the Water Projects Construction Fund.

Debt Service Fund

This fund accounts for the accumulation of resources, principally transfers from other funds, for the payment of long-term debt principal and interest. The primary debt serviced by this fund consists of certain long-term lease purchase agreements.

Capital Projects Fund

Transactions related to resources obtained and used for acquisition, construction, or improvement of state owned facilities are accounted for in the capital projects fund.

PROPRIETARY FUNDS

Enterprise Funds

These funds account for operations that are financed and operated in a manner much like private business enterprises. Costs of providing goods and services to the public, including depreciation, are recovered primarily through user charges.

Internal Service Funds

These funds account for the operations that provide goods or services on a cost-reimbursement basis to state agencies.

FIDUCIARY FUND TYPES

Trust and Agency Funds

These funds account for assets held by the state in a trustee capacity or as an agent for other organizations or individuals. They include agency funds, expendable and nonexpendable trust funds, investment trust funds, and pension trust funds.

Agency funds are used to account for assets held for other funds, governments, or individuals. They are custodial in nature and do not involve the measurement of operations.

The expendable trust fund classification is used when both the principal and revenue earned may be expended for purposes designated by the trust agreement.

Nonexpendable trust funds require that the principal of the fund remains intact while only the earnings of the fund are expendable.

Individual investment trust funds are used to account for investments that are not in the treasurer's investment pool but are managed by the state treasurer for external entities.

Pension trust fund is used to account for the assets and liabilities arising from the contributions and benefits payable to participants in one of the state's pension plans. Participation in this plan is limited to select employees primarily legislators. Most state employees are covered by another plan operated by the Public Employees Retirement Association. (See Note V).

ACCOUNT GROUPS

General Fixed Assets Account Group

Land, buildings, equipment and other capital assets, of the governmental fund types are accounted for in this group. Capital assets of the proprietary, trust, and the college and university funds are recorded in their respective funds and may be depreciated there. Infrastructure is not recorded in the state's accounting system or financial statements.

General Long-term Debt Account Group

This group accounts for long-term liabilities of the governmental type funds, such as general liability, lease purchase

obligations, employee leave obligations, and employee workers' compensation claims. It also accounts for short-term risk management liabilities for which expendable financial resources are not available. Long-term obligations of the proprietary funds, trust funds, and the college and universities are accounted for in their respective funds.

COLLEGE AND UNIVERSITY FUNDS

These funds account for the operations of the state-supported system of higher education. The College and University Funds consist of the following funds:

Current Funds Unrestricted account for economic resources which are expendable for any purpose in accomplishing the institutions' primary objectives.

Current Funds Restricted account for resources received from donors or other outside agencies, primarily the federal government, that are restricted for specific purposes.

Loan Funds account for resources available for student loans.

Endowment Funds account for resources contributed by donors. While the principal portion of the contribution must remain intact, earnings may be added to the principal or expended for restricted or unrestricted purposes.

Plant Funds account for resources available, acquisition costs, debt service requirements, and liabilities related to acquiring or repairing institutional properties.

Agency Funds account for resources held by the institution, acting in the capacity as agent, for distribution to designated beneficiaries.

Component Units

The Denver Metropolitan Major League Baseball Stadium District uses proprietary fund accounting in preparation of its financial statements. The Colorado Uninsurable Health Insurance Plan uses practices prescribed or permitted by the state's Division of Insurance. However, the Plan has recast its statements to conform to generally accepted accounting principles. The financial information for both entities is presented as of December 31, 1998.

The Colorado Water Resources and Power Development Authority uses proprietary fund accounting except for its expendable trust fund, which uses governmental fund accounting, and its agency fund, which records assets and liabilities on the modified accrual basis. The Authority's financial information is presented as of December 31, 1998.

The University of Colorado Hospital Authority and the Colorado Travel and Tourism Authority use proprietary fund accounting for their operations. The Hospital Authority reports its defined benefit retirement plan as a pension trust fund in accordance with Governmental Accounting Standards Board Statements No. 25 and No. 27. Financial information for the Hospital Authority is presented as of June 30, 1999. Financial information for the Travel and Tourism Authority is presented as of December 31, 1998.

C. BASIS OF ACCOUNTING

Primary Government

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. Nonexpendable trust funds and proprietary funds are accounted for on a flow of economic resources measurement focus.

Governmental fund types, expendable trust funds, and agency funds are reported on the modified accrual basis. This basis of accounting recognizes revenues when they are measurable and available to finance current operations or to liquidate liabilities existing at fiscal year-end.

Historical data, adjusted for economic trends, is used in the estimation of the following accruals:

- Sales, use, liquor, and cigarette taxes are accrued based on filings received and an estimate of filings due by June 30.
- Net income taxes from individuals, corporations, and trusts are accrued based on current income earned by the taxpayer before June 30. Quarterly filings, withholding statements, and other historical data are used to estimate the taxpayer's current income. The revenue is accrued net of an allowance for uncollectable taxes.

Revenues earned under the terms of agreements with other governments or private sources are recorded at the time that the related expenditures are made.

Expenditures are recognized during the period in which the fund liability is incurred, except for accumulated employee leave time, principal and interest on long-term debt, which is recorded when due, risk management liabilities in excess of the available current financial resources appropriated for that purpose, and inventories which are generally considered expenditures when consumed.

Special reporting treatment at year-end is accorded to encumbrances. In the General Fund, a reserve for encumbrances is recorded at year-end for the appropriation that will be rolled-forward to cover encumbrances. In the Capital Projects Fund and the Highway Fund, a reserve for encumbrances is established for the contracted legal obligations of the funds.

Proprietary fund types, and nonexpendable, investment and pension trust funds are reported on the full accrual basis. Using this basis, revenues are recognized when earned, and expenses, including depreciation, are recognized when incurred.

College and university funds are reported on the accrual basis, except for depreciation related to plant fund assets which is generally not recorded, and revenues and expenditures related to summer school programs which are recorded primarily in the subsequent fiscal year in accordance with the National Association of College and University Business Officer's College and University Business Administration.

The state has determined that proprietary and nonexpendable trust funds will apply all applicable GASB pronouncements, regardless of issue date, as well as the following pronouncements issued on or before November 10, 1989: FASB Statements and Interpretations, Accounting Principle Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with, or contradict, GASB pronouncements.

Component Units

The University of Colorado Hospital Authority has elected to adopt the provisions of the American Institute of Certified Public Accountants' Audit and Accounting Guide for Health Care Organizations, which are required for financial statements for periods beginning on or after June 15, 1996. Under these provisions, the hospital has qualified as a governmental entity. In applying governmental GAAP, the hospital has elected to apply the provisions of all relevant pronouncements of FASB, including those issued after November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. ELIMINATIONS

Substantially all intrafund transactions and balances of the primary government have been eliminated. Substantially all interfund transactions are classified as operating transfers-in or operating transfers-out after the revenues and expenditures/expenses are reported on each of the operating statements.

E. INSURANCE

The state has agreements with the Colorado Compensation Insurance Authority (CCIA), a related party, to administer a Paid Loss/Retro Plan for workers' compensation insurance claims through June 30, 1996. For claims arising after that date, the state is self-insured for workers' compensation. The state reimburses CCIA for the current cost of claims paid and related administrative expenses. Actuarially determined liabilities are accrued for claims to be paid in future years.

The state insures its property through private carriers and is self-insured for general liability for both its officials and employees.

F. TOTAL COLUMN ON COMBINED STATEMENTS

The total columns on the combined statements for the primary government are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Nor are they comparable to a consolidation, as interfund eliminations have not been made in the aggregation of this data.

G. CASH AND POOLED CASH

Primary Government

For purposes of reporting cash flows, cash and pooled cash is defined as cash-on-hand, demand deposits, certificates of deposit with financial institutions, and pooled cash with the state treasurer.

Component Units

The University of Colorado Hospital Authority and the Colorado Uninsurable Health Insurance Plan consider highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Denver Metropolitan Major League Baseball Stadium District, and the Colorado Water Resources and Power Development Authority consider investments with a maturity of three months or less when purchased to be cash equivalents.

The Colorado Travel and Tourism Authority considers highly liquid debt instruments with maturities generally of three months or less to be cash equivalents.

H. INVENTORY

Inventories of the various state agencies primarily comprise finished goods inventories held for resale by Correctional Industries, and consumable items such as office and institutional supplies, fuel, and maintenance items.

Inventories of the governmental funds are stated at cost, while inventories of the proprietary funds are stated at the lower of cost or market. The state uses various valuation methods (FIFO, average, etc.) depending upon the state agency. The method used in each agency is consistent from year to year.

Consumable inventories that are deemed material are expended at the time they are consumed. Immaterial consumable inventories are expended at the time of purchase, while inventories held for resale are expensed at the time of sale.

I. INVESTMENTS

For the primary government, items classified as investments, including those held by the state treasurer and represented as pooled cash, are both short and long-term investments. These are stated at fair value except for certain money market investments (See Note III-G). Investments that do not have an established market are reported at their estimated fair value.

The state treasurer records interest based on book yield as adjusted for amortization of premiums and discounts.

J. PROPERTY, PLANT, AND EQUIPMENT

Primary Government

Capital assets are carried at cost on the balance sheet. Donated capital assets are carried at their fair market value at the date of donation. The state capitalizes assets whose cost exceeds $5,000.

Generally, the state does not capitalize interest during the construction of general fixed assets. General fixed assets are not depreciated. Assets in proprietary and nonexpendable trust are depreciated using the straight-line method.

The following useful lives are used for depreciation:

Buildings	25-40 years
Improvements other than buildings	10-17 years
Furniture, machinery, and equipment	5-12 years

Component Units

The Denver Metropolitan Major League Baseball Stadium District and the University of Colorado Hospital Authority capitalize interest during the construction of fixed assets.

K. DEFERRED REVENUE

With the exception of higher education funds, revenues received from the federal government and other program sponsors are deferred until the related expenditures are made. In addition, it is the policy of the state's higher education institutions to defer summer school tuition to the following fiscal year.

L. ACCRUED COMPENSATED ABSENCES LIABILITY

Primary Government

State law concerning the accrual of sick leave was changed effective July 1, 1988. After that date all employees in classified permanent positions within the State Personnel System accrue sick leave at the rate of 6.66 hours per month. Total sick leave per employee is limited to their respective accrued balance on July 1, 1988 plus 360 additional hours. After earning the maximum accrual each employee may convert five hours of sick leave to one hour of annual leave. Employees are paid for one-fourth of their unused sick leave upon death or retirement.

Annual leave is earned at increasing rates based on employment service longevity. In no event can a classified employee accumulate more than 42 days of annual leave at the end of a fiscal year. Employees are paid 100% of their annual leave balance upon leaving state service.

Compensated absence liabilities related to the governmental funds are recorded in the General Long-Term Debt Account Group. For all other fund types, both current and long-term portions are recorded as individual fund liabilities.

Component Units

Employees of the University of Colorado Hospital Authority use paid time off (PTO) for vacation, holidays, short-term illness, and personal absences. Extended illness pay (EIP) is used to continue salary during extended absences due to medical disability or serious health conditions. Both PTO and EIP earnings are based on length of service. The hospital records PTO expense as earned. Accrued EIP is based solely on amounts estimated to become payable to that portion of the employee base which will ultimately retire from the Hospital.

The Colorado Water Resources and Power Development Authority recognizes unused vacation benefits as they are earned.

M. FUND EQUITY

Reserved fund balance indicates that a portion of fund equity is not available for expenditure, or is legally segregated for a specific use. Designated fund balances are not legally segregated but indicate tentative management plans for future use of funds.

The fund balance of the General Fund is reserved as provided by statute or as provided by generally accepted accounting principles. The unreserved portion of fund equity on the budgetary basis is available for appropriation or working capital. Since the state is prohibited by its Constitution from incurring general obligation debt, the General Fund surplus on the budgetary basis must be positive at year-end.

Reserves of fund equity at June 30, include:

Reserved for Encumbrances - In the General Fund, this reserve is for the portion of the Fiscal Year 1998-99 appropriation that was encumbered for goods and services that were not received before June 30, 1999 due to extenuating circumstances. Thus, the specific appropriation related to these items is rolled-forward to Fiscal Year 1999-00.

In the Special Revenue and Capital Projects Funds this reserve represents purchase orders, contracts and long-term contracts related to construction of major capital projects. Since the resources of these funds are often received after the long-term contracts are executed and recorded as encumbrances, the unreserved undesignated amount may reflect a deficit. This deficit will be funded by future proceeds of the fund.

Reserved for Other Specific Purposes - These reserves are used to indicate that a portion of fund balance is restricted as to its use. The restriction of the representative assets may have been placed there by their donor in the case of fiduciary funds, by statute in the General and other governmental type funds, or reserved for special purposes such as the payment of debt principal in the case of the Debt Service Fund.

In the college and university funds, all fund balances with the exception of the Current Unrestricted Fund are reserved to indicate the restrictions of available assets to specific purposes of these funds.

Reserved for Long-Term Assets and Long-Term Receivables - These reserves in the governmental funds are used to reserve the portion of fund balance that relates to long-term interfund receivables and other long-term assets. These assets are not currently available for appropriation.

Reserved for Statutorily Specified Amounts - Colorado Revised Statutes 24-75-201.1(d)(III) requires that four percent of the amount appropriated for expenditure from the General Fund be reserved for that fiscal year. In Fiscal Year 1998-99, this amount should be $188.12 million. Under generally accepted accounting principles only $4.85 million was available to meet this reserve requirement. However, due to delayed recognition of excess revenue refunds under the state's budgetary basis, the reserve requirement was met and legal compliance was achieved. (See Note II-A)

Article X, Section 20 (TABOR) of the State Constitution requires the reservation of three percent or more of the 1998-99 fiscal year spending for emergencies. Fiscal year spending is defined in TABOR as all spending and reserve increases except for spending from certain excluded revenues. (See Note II-D)

Designated Unreserved – In the Capital Projects Fund, this designation represents amounts appropriated but not encumbered by contracts. In the Fiduciary Funds, this designation represents the cumulative net earnings of the Controlled Maintenance Trust Fund. In the College and University Funds, this designation represents the fund balance of the higher education auxiliary activities in the Current Unrestricted Fund.

N. OUTSTANDING ENCUMBRANCES

The state uses encumbrance accounting as an extension of formal budgetary integration in all funds except the College and University Funds. Under this procedure, purchase orders and contracts for expenditures of money are recorded to reserve an equivalent amount of the related appropriation.

Encumbrances do not constitute expenditures or liabilities. They lapse at year-end unless specifically brought forward to the subsequent year, committing the subsequent year's available appropriation.

NOTE II. BUDGETS - LEGAL COMPLIANCE

A. BUDGETARY BASIS

The budgetary fund types used by the state differ from the generally accepted accounting fund types. The budgetary fund types are general, cash, and federal funds. For budgetary purposes, cash funds are all funds received by the state that have been designated to support specific expenditures. Federal funds are revenues received from the Federal government. General-purpose revenues are not designated for specific expenditures.

Eliminations of transfers and intrafund transactions are not made in the budgetary funds if those transactions are under budgetary control. Thus, revenues and expenditures in these funds are shown at their gross amounts. This results in several instances of duplicate recording of revenues and expenditures. An expenditure of one budgetary fund may be shown as a transfer-in or revenue in another budgetary fund and then be shown again as an expenditure in the second fund.

For budget purposes, depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting with the following exceptions. Unrealized gains and losses on investments are not recognized as changes in revenue. Refunds under Article X, Section 20 (TABOR) of the State Constitution are reductions of revenue for accounting purposes, but they are shown as expenditures for budgetary purposes. These expenditures are recognized in the year that the refunds are paid, not in the year the refund liability arises.

B. BUDGETARY PROCESS

The financial operations of the legislative, judicial, and executive branches of state government, with the exception of custodial funds or federal moneys not requiring matching state funds, are controlled by annual appropriation made by the General Assembly. The Department of Transportation's portion of the Highway Fund is appropriated to the State Transportation Commission. Within the legislative appropriation, the Commission may appropriate the specific projects and other operations of the Department. In addition, the Commission may appropriate available fund balance from their portion of the Highway Fund.

The legislative appropriation is constitutionally limited to the unrestricted funds held at the beginning of the year plus revenues estimated to be received during the year as determined by the budgetary basis of accounting. The original appropriation by the General Assembly in the Long Appropriations Bill segregates the budget of the state into its operating and capital components. The majority of the capital budgets are accounted for in the Capital Projects Fund, with the primary exception being budgeted capital funds used for infrastructure.

The Governor has line item veto authority over the Long Appropriations Bill, but the General Assembly may override each individual line item veto by a two-thirds majority vote in each house.

General and cash funded appropriations, with the exception of capital projects, lapse at year-end unless executive action is taken to roll-forward all or part of the remaining unspent budget authority. General funded appropriations that meet the strict criteria for roll-forward are reserved in the General Fund at year-end. Since capital projects appropriations are generally available for three years after appropriation, significant amounts of the capital budgets remain unexpended at fiscal year-end.

The appropriation controls the combined expenditures and encumbrances of the state, in the majority of the cases, to the level of line item within the agency. Line items are individual lines in the official budget document and vary from specific payments for specific programs to single appropriations at the agency level. The institutions of higher education are appropriated at the governing board level. Statutes allow the Judicial and Executive Branches, at year-end, to transfer legislative appropriations within departments for expenditures of like purpose. The appropriation may be adjusted in the following session of the General Assembly by a supplemental appropriation.

On the *Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Equity - Budgetary Basis - Budget and Actual,* the column titled Original Appropriation consists of the Long Appropriations Act including anticipated federal funds, special bills, and any statutorily authorized appropriations. The column titled Final Spending Authority includes the original appropriation, federal funds actually awarded, supplemental appropriations of the legislature, and other miscellaneous budgetary items.

C. OVEREXPENDITURES

Depending on the accounting fund type involved, expenditures/expenses are determined using the modified accrual or accrual basis of accounting even if the accrual will result in an overexpenditure. If earned cash

revenues plus available fund balance, and earned federal revenues, are less than cash and federal expenditures, then an overexpenditure occurs even if the expenditures did not exceed the total legislative line item appropriation.

The state controller may allow certain overexpenditures of the legal appropriation with the approval of the Governor. If the controller restricts the subsequent year appropriation for the overexpenditure, the agency is required to seek a supplemental appropriation from the General Assembly or reduce their subsequent year's expenditures.

Overexpenditures at June 30, 1999, for which the controller has restricted a future appropriation are:

- The Medical Services Program of Medicaid in the Department of Health Care Policy and Financing overexpended its appropriation of general funds by $11,880,399 and its appropriation of cash funds by $806,927.
- The Metropolitan State College of Denver overexpended its appropriation of cash funds by $427,867 when its expenditures exceeded its revenues and available fund balance. The excess expenditures were for the purchase of computer and networking equipment to address the year 2000 computer problem.
- The Division of Administrative Hearings in the Department of Personnel overexpended its appropriation of cash funds by $19,998 when expenditures exceeded revenue earned and the available fund balance. The division experienced unusually large retirement payments for sick and annual leave during Fiscal Year 1998-99.
- The Human Resource Services section of the Department of Personnel overexpended its appropriation of cash funds by $21,004. The overexpenditure occurred when start-up costs associated with the new Defined Contribution Plan exceeded revenues generated under contract with plan vendors.
- The Department of Human Services manages the Aid to Needy Disabled – State Only Grant Program. The department incurred expenditures greater than its general fund appropriation for this program by $981,444 due to an increase in caseload. However, an allowed appropriation transfer of $481,444 resulted in a net overexpenditure of $500,000.

As provided by Colorado Revised Statutes 24-75-109, the state controller has the authority to allow unlimited over-expenditures in the Medicaid program. The Department of Human Services is allowed $1 million of over-expenditures not related to Medicaid and unlimited overexpenditures for self-insurance of its workers' compensation plan. Statute also allows overexpenditures up to $1 million in total for the remainder of the executive branch. An additional $1 million of transfers and overexpenditure are allowed for the Judicial Branch.

A separately issued report comparing line item expenditures to authorized budget is available upon request from the State Controller's Office.

D. TAX, SPENDING, AND DEBT LIMITATIONS

Certain state revenues, primarily taxes and fees, are limited under Article X, Section 20 (TABOR) of the State Constitution. The growth in these revenues from year to year is limited to the rate of population growth plus the rate of inflation. The constitution also requires voter approval for any new tax, tax rate increase, or new debt. These limitations apply to the state as a whole, not to individual funds, departments or agencies of the state. Annual revenues that exceed the constitutional limitation must be refunded, unless voters approve otherwise.

The state exceeded the revenue growth limitation in Fiscal Year 1996-97, 1997-98, and 1998-99. A liability was accrued in the General Fund as a reduction of tax revenues for the current year amount exceeding the limitation ($679.63 million). The Fiscal Year 1998-99 refund and outstanding unpaid refunds from prior years are shown on the *Combined Balance Sheet - All Fund Types and Discretely Presented Component Units* as TABOR Refund Liability.

Colorado Revised Statutes 24-75-201 requires that the accrual of the TABOR Refund not be included in the General Fund budgetary fund balance (General Fund Surplus) in the year in which the excess revenues were accrued. Instead, the budgetary fund balance is reduced in the following year by reporting an expenditure equal to the excess revenue reduced by any amount the voters authorize the state to retain. Therefore, the *Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Equity, Budget and Actual - All Budgeted Funds* shows $563.2 million expenditure related to the Fiscal Year 1997-98 TABOR refund.

A separately issued audited report of TABOR computations for Fiscal Year 1998-99 will be available from the State Controller's Office in early 2000.

E. BUDGET TO GAAP RECONCILIATION

The *Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/Equity, Budget and Actual - All Budgeted Funds* compares those revenues and expenditures that are legislatively appropriated or otherwise legally authorized. College and university funds, with the exception of the state-appropriated amounts are excluded from this statement.

Certain expenditures on a generally accepted accounting principle (GAAP) basis such as bad debt expense and depreciation, are not budgeted by the General Assembly. These expenditures are shown as "GAAP Expenditures Not Budgeted" on the *Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/-Equity, Budget and Actual - All Budgeted Funds.*

Some transactions considered expenditures for budgetary purposes, such as capital purchases in proprietary fund types, are not expenditures on a GAAP basis.

(DOLLARS IN THOUSANDS)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
BUDGETARY BASIS:				
Revenues and Transfers-In:				
General	$ 5,623,379	$ -	$ -	$ 524,613
Cash	2,529,538	1,845,466	16,663	57,825
Federal	2,115,898	348,558	-	10,161
Sub-Total Revenues and Transfers-In	10,268,815	2,194,024	16,663	592,599
Expenditures/Expenses and Transfers-Out				
General Funded	5,844,014	-	-	359,662
Cash Funded	2,544,515	1,780,860	16,427	44,546
Federally Funded	2,121,403	347,728	-	10,158
Expenditures/Expenses and Transfers-Out	10,509,932	2,128,588	16,427	414,366
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - Budget Basis	(241,117)	65,436	236	178,233
(Increase)/Decrease in TABOR Refund	(116,471)	-	-	-
Increase/(Decrease) in Unrealized Gains/Losses	(108,376)	(10,492)	-	(12,032)
Increase for Budgeted Non-GAAP Expenditures	668	14,257	-	-
Increase/(Decrease) for GAAP Expenditures Not Budgeted	105,665	-	-	8,184
Increase/(Decrease) for GAAP Revenue Adjustments	(9,739)	-	-	(15)
Increase/(Decrease) for Non-Budgeted Funds	-	-	-	-
Excess of Revenues and Transfers-In Over (Under) Expenditures and Transfers-Out - GAAP Basis	(369,370)	69,201	236	174,370
FUND BALANCE, JULY 1 - GAAP BASIS	718,011	803,916	4,475	398,186
Prior Period Adjustments	(2,900)	-	-	-
FUND BALANCE, JUNE 30 - GAAP BASIS	$ 345,741	$ 873,117	$ 4,711	$ 572,556

These expenditures are shown as "Budgeted Non-GAAP Expenditures." Some transactions considered revenues for budgetary purposes, such as intrafund sales, are not considered GAAP revenues. Some events, such as the recognition of unrealized gains/losses on investments and the current year TABOR liability affect revenues on a GAAP basis but not on the budgetary basis. These events and transactions are shown as "GAAP Revenue Adjustments." The inclusion of these revenues and expenditures in the *Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/-Equity, Budget and Actual - All Budgeted Funds* is necessary to reconcile fund balance.

A reconciliation of the *Combined Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balances/-Equity, Budget and Actual - All Budgeted Funds* to the fund balances of the GAAP fund types follows:

PROPRIETARY FUND TYPES		**FIDUCIARY FUND TYPES**	**ACCOUNT GROUPS**			
ENTERPRISE	INTERNAL SERVICE	TRUST & AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	COLLEGE AND UNIVERSITY FUNDS	**TOTAL PRIMARY GOVERNMENT**
$ -	$ -	$ -	$ -	$ -	$ -	$ 6,147,992
474,611	191,682	448,331	-	-	1,257,530	6,821,646
67,791	-	12,572	-	-	-	2,554,980
542,402	191,682	460,903	-	-	1,257,530	15,524,618
-	-	-	-	-	-	6,203,676
442,496	192,103	309,627	-	-	1,246,832	6,577,406
63,653	-	11,954	-	-	-	2,554,896
506,149	192,103	321,581	-	-	1,246,832	15,335,978
36,253	(421)	139,322	-	-	10,698	188,640
-	-	-	-	-	-	(116,471)
(733)	(259)	(18,963)	-	-	(2,011)	(152,866)
2,983	200	13	-	-	-	18,121
(27,269)	(2,098)	(12)	-	-	-	84,470
-	-	-	-	-	-	(9,754)
-	-	(127,447)	155,060	-	253,046	280,659
11,234	(2,578)	(7,087)	155,060	-	261,733	292,799
86,043	23,315	2,122,893	1,575,763	-	2,879,871	8,612,473
-	-	288,007	-	-	-	285,107
$ 97,277	$ 20,737	$ 2,403,813	$ 1,730,823	$ -	$ 3,141,604	$ 9,190,379

NOTE III. OTHER ACCOUNTING DISCLOSURES

A. CASH AND POOLED CASH

Primary Government

The State Treasury acts as a bank for all state agencies, with the exception of the University of Colorado. Moneys deposited in the Treasury are invested until the cash is needed. Interest earnings on these investments are credited to the General Fund, unless a specific statute directs otherwise. Where a fund category has a deficit cash position, that deficit has been reclassified to an interfund payable to the General Fund. The detailed composition of the cash and investments is shown in the annual Treasurer's Report.

State agencies are authorized by various statutes to deposit funds in accounts outside the custody of the State Treasury. Legally authorized deposits include demand deposits and certificates of deposit. The state's cash management policy is to invest all major revenues as soon as the moneys are available within the banking system. Electronic transfers are used by the state to enhance availability of funds for investment purposes.

Colorado statutes require protection of public moneys in banks beyond that provided by the federal insurance corporations. The Public Deposit Protection Act in Colorado Revised Statutes 11-10.5-107(5) requires all eligible depositories holding public deposits to pledge designated eligible collateral having market value equal to at least 102% of the deposits exceeding those amounts insured by federal insurance.

The state maintains accounts and certificates of deposits for various purposes at locations throughout the state. Cash balances not required for immediate use are deposited either through the investment pool administered by the state treasurer or by the fund custodians.

The state categorizes its cash into three categories as to their risk:

- Category 1 is federally insured deposits, or deposits fully collateralized with securities held by the state or its agent in the state's name.
- Category 2 is deposits uninsured but fully collateralized with securities held by the pledging financial institution's trust department or agent in the state's name.
- Category 3 is uncollateralized. This includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the state's name.

At June 30, 1999, the state had cash balances in all funds with a carrying value of $899.5 million. The bank balances of these funds are categorized by risk as follows:

Risk Category	Bank Balance June 30
1	$ 750,650,596
2	175,513,081
3	228,642
TOTAL	$ 926,392,319

The Cash and Pooled Cash line on the financial statements includes $3,035.6 million of claims of the state's funds in the treasurer's pooled cash. At June 30, 1999, the treasurer had invested $2,973.5 million of the pool with the balance in demand deposits and certificates of deposit.

Component Units

At December 31, 1998, the Colorado Water Resources and Power Development Authority had federally insured cash deposits with a bank balance of $193,541 and deposits collateralized in single institution pools of $12,169.

At December 31, 1998 the Denver Metropolitan Major League Baseball Stadium District had federally insured cash deposits with a bank balance of $33,405. They also had $12,946,887 in money market funds invested in obligations of the U.S. Government or its agencies.

At December 31, 1998, the Colorado Travel and Tourism Authority had federally insured cash deposits with a bank balance of $100,000 and uncollateralized and uninsured deposits of $129,628.

B. NONCASH TRANSACTIONS IN THE PROPRIETARY FUND TYPES

In the proprietary fund types, noncash transactions occur that do not affect the Combined *Statement of Cash Flows, All Proprietary Fund Types and Similar Trust Funds and Discretely Presented Component Units*. These transactions are summarized at the bottom of the statement and are explained as follows:

- Correctional Industries, an enterprise activity, recorded $1,062,021 of revenues and expense related to receipt and distribution of federal surplus property. Correctional Industries exchanged no cash in the underlying transactions.
- The State Fair Authority, an enterprise fund, received $1,874,038 of fixed assets from the General Fixed Assets Account Group.
- The State Nursing Homes, an enterprise activity, received $39,923 of fixed assets contributed by the Capital Projects Fund, $7,378 from donated fixed assets, and assumed $24,878 of lease obligations for the purchase of fixed assets. They also lost $1,310 on the disposal of fixed assets.
- Guaranteed Student Loan (GSL), an enterprise activity, assumed $1,345,367 in lease and note obligations for the purchase of equipment. GSL also recorded a $28,631 loss on disposal of equipment.
- Central Services, an internal service activity, increased their capital lease obligations by $13,778,939 to acquire additional vehicles for their fleet program.
- The Public Safety Fund, an internal service fund, received $499,900 from the General Fixed Assets Account Group related to the purchase of an aircraft that was funded by the Capital Projects Fund.
- Nearly all proprietary funds incurred unrealized gains/losses on investments or on the Treasurer's pooled cash. The unrealized loss on the Treasurer's pool changed cash balances, but the gain/loss on investments individually held did not result in changes in cash balances. Note III-G shows the combined effect of these two sources of unrealized loss.

C. RECEIVABLES

Primary Government

The tax receivable of $889.7 million results from the recording of self-assessed taxes on the modified accrual basis. The other receivables of $298.2 million are net of a deduction of $80.1 million in allowance for doubtful accounts.

Component Units

The Colorado Water Resources and Power Development Authority had loans receivable of $355.7 million and $279.0 million at December 31, 1998 and 1997, respectively. During 1998 they made new loans of $87.8 million and canceled, or received repayments for existing loans of $11.1 million.

The University of Colorado Hospital Authority has a significant concentration of patient accounts receivable with Medicare (25 percent), Medicaid (9 percent), and Blue Cross (7 percent). However, the authority's management does not believe that there are any credit risks associated with these payers. Further, the authority continually monitors and adjusts its reserves and allowances associated with these receivables. Net patient service revenue under the Medicare and Medicaid programs in Fiscal Year 1998-99 and 1997-98 were approximately $97.6 million and $99.1 million, respectively.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

D. INVENTORY

Inventories of $8.25 million in the General Fund at June 30, 1999, consisted of $7.26 million of consumable inventories, and $.98 million of food donated to the Department of Human Services.

E. PREPAIDS, ADVANCES, AND DEFERRED CHARGES

In the General Fund, this account consists primarily of Medicaid payments in advance made to mental health and health care providers by the Department of Health Care Policy and Financing. Charges in the College and University Funds related to summer school are deferred to Fiscal Year 1999-00 to match the deferral of summer school tuition.

F. INTERFUND BALANCES

Individual interfund receivable and payable balances at June 30, 1999 are:

(Amounts in Thousands)

Fund	Interfund Receivables	Interfund Payables
General Fund	$ 39,131	$ 35,247
Special Revenue Funds		
Highway	6,682	941
Wildlife	1,668	9
Labor	412	-
Gaming	7,856	34,761
Water Projects	208	8,000
Capital Projects Funds	1,922	1,468
Enterprise Funds		
Guaranteed Student Loan	-	1
State Lottery	-	17,417
Prison Canteens	22	-
Correctional Industries	321	124
Other Enterprise Activities	4	1
Internal Service Funds		
Central Services	76	7
Telecommunications	3	1,069
Highways	5	-
Administrative Hearings	1	-
Expendable Trust Funds		
Unemployment Insurance	26	-
State Treasurer	13,861	-
Severance Tax Fund	10,002	-
Land Board	-	3,428
Conservation Trust Fund	7,000	-
Deferred Compensation Plan	103	103
Other Expendable Trusts	-	10
Pension Trust Funds	-	20
Nonexpendable Trust Funds		
State Lands	131	-
Controlled Maintenance	-	237
Other Nonexpendable Trusts	10	-
Agency Funds		
Revenue	6,273	4,003
Treasury	8,750	-
Other Agency Funds	245	22
College and University Funds		
Unrestricted	3,462	13,849
Restricted	4,955	3,513
Loan	1	-
Endowment	14	1,730
Unexpended Plant Fund	16,149	1,762
Retirement of Indebtedness	426	-
Investment in Plant	-	1,954
Agency	1	44
Totals	$ 129,720	$ 129,720

G. INVESTMENTS

Primary Government

The state holds investments both for its own benefit and as an agent for certain entities as provided by law. The state does not invest its funds with any external investment pool, rather, funds not required for immediate payments are administered by the authorized custodian of the funds or pooled and administered by the state treasurer (See Note III-H).

The state treasurer maintains an agency fund for the Great Outdoors Colorado Program (GOCO), a related party. At June 30, 1999 and 1998 the treasurer had $48.9 million and $62.0 million at fair value, respectively, of GOCO's funds on deposit and invested. The treasurer also maintains an individual investment trust fund for the Colorado Compensation Insurance Authority (CCIA), a related party. At June 30, 1999 and 1998, the treasurer had $653.0 and $779.1 million at fair value, respectively, of CCIA's funds on deposit and invested.

Colorado Revised Statutes 24-75-601.1 authorizes the type of investments that the state may hold. In general, the statute requires securities that are of the highest quality as determined by national rating agencies, those guaranteed by another state or the federal government, or a registered money market fund whose policies meet criteria set forth in the statute.

The state categorizes the custodial risks of its investments into the following categories:

- Category A is those investments that are insured or registered securities held by the state or its agent in the state's name.
- Category B is those investments that are uninsured and unregistered, with securities held by the counterparty's trust department or agent in the state's name.
- Category C is those investments that are uninsured and unregistered, with securities held by the counterparty or its agent, but not in the state's name.

Mutual funds and certain other investments are not categorized as to custodial risk because ownership is not evidenced by a security.

The following table lists the state's investments by type and risk category:

(Amounts in Thousands)

Type of Investment*	Risk Category A	Risk Category B	Risk Category C	Total Fair Value
U.S. Government Securities	$1,937,907	$12,318	$27,001	$ 1,977,226
Bankers' Acceptance	41,310	-	-	41,310
Commercial Paper	487,368	-	-	487,368
Corporate Bonds	701,487	-	1,046	702,533
Corporate Securities	5,901	-	10,840	16,741
Repurchase Agreements	30,514	-	-	30,514
Asset Backed Securities	1,245,900	-	671	1,246,571
Other	213	139	-	352
Subtotal	$4,450,600	$12,457	$39,558	4,502,615
Uncategorized				530,133
Total				$ 5,032,748

*Note: Amounts include the treasurer's pool and individual investment accounts.

The following schedule reconciles deposits and investments to the financial statements for the primary government:

(Amounts in Thousands)

Footnote Amounts	Carrying Amount
Deposits (Note III-A)	$ 899,466
Investments	5,032,748
Total	$ 5,932,214
Combined Balance Sheet Amounts	
Cash and Pooled Cash	$ 3,845,404
Investments	1,759,494
Rights Under Deferred Compensation	327,316
Total	$ 5,932,214

The fair value of the state's investments are determined from quoted market prices except for money market investments which are reported at amortized cost which approximates market.

Realized gains from the sale of investments related to the Treasurer's pooled cash were $1,723,116 for Fiscal Year 1998-99. Excluding the Individual Investment Trust Fund, and the Deferred Compensation Plan, the state realized $675,188 of net gains from the sale of investments of other funds during Fiscal Year 1998-99.

The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gains and losses on investments held in more than one fiscal year and sold in the current year were included as a change in the fair value of investments in those prior periods.

The following schedule shows the state's net unrealized gains and (losses) by fund category for Fiscal Years 1998-99 and 1997-98. It excludes the Deferred Compensation Plan, an expendable trust fund, and agency funds because realized gains of these funds are not available to the state's programs.

(Amounts in Thousands)

Fund Type	Gain/(Loss) Fiscal Year 1998-99	Gain/(Loss) Fiscal Year 1997-98
Individual Investment Accounts	$ (29,046)	$ 22,774
General Fund	(11,513)	7,592
State Lands	(7,218)	5,245
Controlled Maintenance Trust	(6,282)	6,607
Labor	(5,743)	4,945
Capital Projects	(3,864)	1,533
Highways	(3,076)	1,890
Current Funds - Unrestricted	(2,061)	(1,888)
Water Conservation Construction	(854)	476
Wildlife	(795)	439
Renewal and Replacement	(596)	(1,049)
Colorado Gaming Fund	(517)	293
Colorado Student Loan Program	(389)	206
Unexpended Plant Funds	(347)	(2,392)
Retirement of Indebtedness	(263)	380
Severance Tax Trust Fund	(257)	199
State Employee Group Insurance	(248)	128
Colorado Lottery Fund	(234)	129
Other Expendable Trusts	(161)	48
Other Nonexpendable Trusts	(57)	55
Correctional Industries	(40)	22
Other Enterprise Funds	(36)	36
Loan Fund	(36)	(60)
Treasurer's Expendable Trust	(30)	18
State Nursing Homes	(23)	13
Conservation Trust Fund	(17)	6
Transportation	(10)	7
State Fair Authority	(7)	(5)
Business Enterprise Program	(3)	2
Debt Service	(1)	1
Current Funds - Restricted	229	1,045
Endowment Fund	238	3,790
Totals	$ (73,257)	$ 52,485

Component Units

The state's component units have adopted Governmental Accounting Standards Board Statement No. 31 Accounting and Financial Reporting for Certain Investments and for External Investment Pools (GASB 31), which requires all debt and equity securities to be reported at fair value. The fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities.

Colorado Water Resources and Power Development Authority's implementation of GASB 31 did not affect interperiod investment comparability since the change to fair value at December 31, 1997 was not material.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which governmental units may invest. The risk criteria are defined the same as for the primary government.

In Fiscal Year 1998-99, the University of Colorado Hospital Authority realized a net gain on investments of $7.2 million and unrealized gain of $6.0 million. The unrealized gain represented a $1.3 million decline in the unrealized fair value of investments from the prior fiscal year.

The following table lists the component units' investments by type and risk category:

(Amounts in Thousands)

Type of Investment	Risk Category A	Risk Category B	Risk Category C	Total Fair Value
U.S. Government Securities	$ 79,619	$ -	$ 8,152	$ 87,771
Repurchase Agreements	-	-	120,771	120,771
Corporate Bonds	54,050	-	-	54,050
Equity Securities	45,701	-	-	45,701
Subtotal	$ 179,370	$ -	$ 128,923	308,293
Uncategorized				196,083
Total				$ 504,376

H. TREASURER'S INVESTMENT POOL

Participation in the treasurer's pool is mandatory for all state agencies with the exception of the University of Colorado. The treasurer determines the fair value of the pool's investments at each month-end for performance tracking purposes. Short-term realized gains and losses and interest earnings, adjusted for amortization of premium and discounts, are distributed monthly prorated to the average of the participant's daily balance during the month if the participant is authorized to receive interest and investment earnings by statute.

Colorado Revised Statutes 24-36-113 authorizes the state treasurer to enter collateralized securities lending agreements. During Fiscal Year 1998-99, the treasurer loaned U.S. government and federal agencies' securities held for the Colorado Compensation Insurance Authority to Morgan Stanley. The treasurer also loaned U.S. government and federal agencies securities held for the Colorado Treasury Pool, the Public School Permanent Fund, and the Controlled Maintenance Trust Fund to Deutsche Bank. Morgan Stanley and Deutsche Bank pay the treasurer an agreed upon fee for use of these securities. Collateral is deposited and held in a custodial bank.

Currently, collateral held by the custodial bank includes A-rated or better domestic corporate bonds, however, the agreement allows collateral to include government and federal agencies' securities as well. Corporate securities held as collateral must equal at least 105 percent of the market value of the loaned securities, while government securities must equal at least 102 percent of the market value. The treasurer does not have the authority to pledge or sell collateral securities without borrower default nor does the treasurer accept cash as collateral.

Morgan Stanley, acting as the principal, and Deutsche Bank, acting as agent and fiduciary, are directly responsible for the safeguarding of assets. Each carries a financial institution bond that is substantially more than the amount required by the New York Stock Exchange. On June 30, 1999, the market value of securities on loan from the Colorado Compensation Insurance Authority account was $179,888,721. The market value of the collateral securities pledged was $190,922,550. At June 30, 1999, the market value of the securities on loan from the other three funds was $1,329,520,668, and the market value of the related pledged collateral was $1,372,358,703.

I. PROPERTY, PLANT, AND EQUIPMENT

Primary Government

A summary of fixed assets by account groups and fund types follows:

(Amounts in Thousands)

	General Fixed Assets Account Group	Enterprise Funds	Internal Service Funds	Fiduciary Funds	College & University Funds	Totals
Land and Improvements	$ 218,800	$ 9,110	$ -	$ 7,549	$ 183,203	$ 418,662
Buildings and Improvements	1,038,352	26,797	847	42	1,679,178	2,745,216
Equipment	328,768	32,203	106,871	628	550,724	1,019,194
Library Books and Holdings	2,743	-	-	3,833	277,497	284,073
Construction in Progress	130,597	379	10,068	-	277,198	418,242
Other	11,563	58	16,978	-	901	29,500
Less: Accumulated Depreciation	-	(33,737)	(78,704)	(2)	(1,367)	(113,810)
Totals	$ 1,730,823	$ 34,810	$ 56,060	$ 12,050	$ 2,967,334	$ 4,801,077

A statement of changes in general fixed assets for the year ended June 30, 1999 is shown below:

(Amounts in Thousands)

	Beginning Balance July 1	Additions	Deductions	Net Change	Ending Balance June 30
Land and Improvements	$ 202,591			$ 16,209	$ 218,800
Buildings and Improvements	852,534			185,818	1,038,352
Equipment	343,302			(14,534)	328,768
Library Books and Holdings	2,743			-	2,743
Construction in Progress	163,256			(32,659)	130,597
Other	11,337			226	11,563
Totals	$ 1,575,763	$ 220,937	$ 65,877	$ 155,060	$ 1,730,823

Component Units

At December 31, 1998, the Colorado Travel and Tourism Authority reported office equipment, net of accumulated depreciation, of $5,901.

The Colorado Water Resources and Power Development Authority reported furniture and fixtures, net of accumulated depreciation, of $102,453 at December 31, 1998.

The Denver Metropolitan Major League Baseball Stadium District reported land and improvements, buildings, and other property and equipment, of $184.2 million and $188.9 million, net of accumulated depreciation, at December 31, 1998 and 1997 respectively.

At June 30, 1999, the University of Colorado Hospital Authority reported gross amounts for land, buildings and improvements of $165.6 million, equipment of $88.2 million, and construction in progress of $11.6 million. Accumulated depreciation related to these fixed assets was $94.3 million.

J. OTHER LONG-TERM ASSETS

In the governmental funds, the state has reserved the fund balance for long-term assets and long-term loans receivable. The loans in the Special Revenue Fund are made to local entities by the Water Conservation Board for the purpose of constructing water projects in the state. These loans are made for periods ranging from 10 to 40 years at interest rates of 2 to 4 percent. The loans require the local entities or districts to make a yearly payment of principal and interest.

K. FUND BALANCE DEFICITS

The fund deficit of $281.9 million in undesignated fund equity of the Special Revenue Funds is the result of reserving fund balance for purchase orders and long-term contracts related to highway construction. This deficit will be funded from future proceeds of the Highway Fund.

The Administrative Hearings Fund, an internal service fund, had a retained earnings deficit of $61,874 at June 30, 1999 and a deficit of $106,822 at June 30, 1998.

The Defined Contribution Fund, a pension trust fund, had an unreserved undesignated net asset deficit of $21,004 at June 30, 1999. The deficit resulted because administrative expenditures of establishing and managing the plan exceeded the revenues available for that purpose.

The State Fair Authority, an enterprise fund, had a retained earnings deficit of $1,328,459 and $777,614 respectively at June 30, 1999 and June 30, 1998.

L. FUND EQUITY

Fund equities reserved for other specific purposes at June 30, 1999 are:

(Amounts in Thousands)

Reserved For	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Fiduciary Funds
Unemployment Benefits	$	$	$	$	$ 743,925
CCIA Individual Investment Trust Fund					662,105
Deferred Compensation Plan					327,567
Public School Permanent Moneys					299,985
Benefits for Injured Workers		150,062			
Water Conservation Construction		93,587			
Wildlife, Parks and Outdoor Recreation	1,088	70,866			874
Severance Tax	31,756				40,745
Family Issues Cash Fund	39,404				
Colorado Gaming Fund		38,203			
Hazardous Substances Response	31,393				
Controlled Maintenance Trust Fund					30,948
Uninsurable Health Insurance Plan	20,137				
Mineral Leasing	18,315				
Energy Conservation	14,132				
Victims of Crime	1,322				11,387
Public School Fund	10,878				
Species Conservation	10,278				
Petroleum Storage Tank Fund	10,068				
Nat. Resources Damage Recovery Fund	8,376				
Mined Land Reclamation	225				7,867
Uranium Mill Tailing Removal	7,136				
Workers Compensation Regulation	7,131				
Limited Gaming Impact Fund	6,207				
General Liability Fund	5,945				
Economic Development Moneys	5,630				
Old Age Pension Stabilization	5,000				
Drug Offenders Surcharge Fund	4,860				
Debt Retirement			4,711		
Federal or Other Restrictions				4,568	
Disaster Emergency Fund	4,462				

(Continued)

(Amounts in Thousands)

Reserved For	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Fiduciary Funds
Children's Basic Health Plan	4,081				
Central Indexing System	4,020				
Distributed Data Processing		3,693			
Aviation Fund	3,597				
Public Safety Communications Fund	3,473				
Secretary of State's Fees	3,458				
Real Estate Recoveries					2,963
Supreme Court Grievance Committee					2,737
Employment Support Fund	2,604				
Public Employees Social Security	2,567				
Brand Inspection Fund	2,562				
Patient Benefit Fund					2,391
Regulatory License and Fee Adjustment	2,349				
Treasurer's Escheats Fund					2,130
Disabled Telephone Users Fund	1,902				
Uniform Commercial Credit Code	1,860				
Housing Rehabilitation Revolving Loans					1,822
Motor Carrier Fund	1,714				
Emergency Medical Services		1,489			
Infant Immunization	1,469				
LEAF		1,414			
Unemployment Revenue Fund	1,313				
Art in Public Places	1,219				
Department of Law Custodial Fund	1,208				
Dealer License Board Fund	1,203				
State Rail Bank Fund	1,182				
Environmental Response Fund	1,129				
Off Highway Vehicles Fund	1,071				
Alcohol Driver Safety Fund	1,048				
Waste Tire Recycling Fund	1,018				
Low Income Telephone Assistance	1,016				
Comprehensive Health Education	1,014				
Other Special Purpose Programs	34,116	33			11,656
Totals	$ 325,936	$ 359,347	$ 4,711	$ 4,568	$ 2,149,102

M. PRIOR PERIOD ADJUSTMENTS

Primary Government

On the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, All Governmental Fund Types, Expendable Trust Funds, and Discretely Presented Component Units*, the fund balance of the General Fund decreased by $2,900,187. This adjustment was to correct the under-recording of General Fund expenditures related to the Medicaid Program in Fiscal Year 1997-98. The adjustment did not cause the Department of Health Care Policy and Financing to report an overexpenditure because the Legislature made an appropriation in 1999 to the Fiscal Year 1997-98 budget.

On the *Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Expendable Trust Funds*, the fund balance of the Deferred Compensation Plan, an expendable trust fund, increased by $288,341,104. This adjustment reflects the implementation of Governmental Accounting Standards Board Statement No. 32 Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

that requires such plans to be reported in an expendable trust fund. The Plan was previously an agency fund. The fund balance of the Other Expendable Trust funds decreased by $334,114 when the administrative portion of the deferred compensation plan was reclassified from an Other Expendable Trust fund to the Deferred Compensation Plan.

N. TRANSFERS BETWEEN FUNDS

Major operating transfers between funds for the fiscal year ended June 30, 1999, were as follows:

(Amounts in Thousands)

Transfer	Amount
General Fund to Higher Education	$ 661,012
General Fund to Capital Construction	472,259
Capital Construction to Higher Education	117,770
Capital Construction to Highway Fund	49,945
Lottery Fund to Conservation Trust Fund	33,859
Gaming Fund to General Fund	32,360
School Income Expendable Trust to General Fund	30,324
Highway Fund to General Fund	22,852
Wildlife Fund to Capital Construction Fund	20,712
Controlled Maintenance Trust to Capital Construction	17,625
Capital Construction to Debt Service Fund	16,427
General Fund to Highway Fund	11,609
Treasurer's Expendable Trust to General Fund	9,084
Lottery Fund to Wildlife Fund	8,465
Capital Construction to General Fund	8,452
Water Projects Construction Fund to General Fund	4,706
General Fund to Water Projects Construction Fund	3,821
Higher Education to General Fund	3,425
Other Expendable Trust Funds to General Fund	3,150
Gaming Fund to Highway Fund	3,066
Severance Tax Trust to General Fund	3,015
Highway Fund to Capital Construction	2,930
Wildlife Fund to General Fund	2,762
Central Services to General Fund	1,779
Prison Canteens to Capital Construction	1,607
State Lands to General Fund	1,220
Victims Compensation Trust Fund to General Fund	1,116
Other	11,767
Total	$ 1,557,119

In addition to the above transfers, residual equity transfers were made to the proprietary funds from the governmental funds and the General Fixed Assets Account Group. In the proprietary funds, these transfers are shown as "Additions To Contributed Capital" in the fund equity section of the *Combined Statement of Revenues, Expenses, and Changes in Fund Equity, All Proprietary Fund Types, Similar Trust Funds, and Discretely Presented Component Units* in the amount of $2,503,240. This amount comprises the following transactions:

- The State Fair Authority, an enterprise fund, received $1,874,038 of fixed assets from the General Fixed Assets Account Group. Previously the Department of Agriculture reported these fairground fixed assets in the General Fixed Assets Account Group. The account group does not have an operating statement; thus, there is not a corresponding transfer-out.
- The State Nursing Homes, an enterprise fund, received $39,923 of fixed assets from the General Fixed Assets Account Group that were funded by the Capital Projects Fund and are shown as additions to contributed capital. The account group does not have an operating statement; thus, there is not a corresponding transfer-out.
- The Public Safety Fund, an internal service fund, received $499,900 from the General Fixed Assets Account Group related to the purchase of an aircraft that was funded by the Capital Projects Fund. The transfer is shown as additions to contributed capital. The account group does not have an operating statement; thus, there is not a corresponding transfer-out.
- The Department of Transportation transferred $89,379 from the Highway Fund, a special revenue fund, to the Highways Internal Service Fund.

The advances from private or public sources in the Capital Projects Fund on the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances* represent capital construction projects funded by internal service funds. Due to legal requirements, these projects are accounted for in the Capital Projects Fund.

O. SEGMENT INFORMATION

Primary Government

The principal activities of the state's enterprise funds are the guaranteed student loan program, the lottery, the state's nursing homes, the business enterprise program, enterprises at the state's prisons, and the state fair.

The guaranteed student loan program guarantees loans made by private lending institutions, in compliance with operating agreements with the U.S. Department of Education, to students attending postsecondary schools.

The State Lottery encompasses the various lottery and lotto games run under state statute. In the past, net proceeds were used to support various state construction projects. In Fiscal Year 1993-94, the Great Outdoors Colorado Program began the phased reduction of the amount of net lottery proceeds available for state construction projects.

The state nursing homes provide nursing home and retirement care to the elderly. The state's nursing homes are located at Homelake, Walsenburg, Florence, Rifle, and Trinidad.

The business enterprise program assists the visually impaired in operating businesses such as cafeterias in state office buildings.

Enterprise activities at the state's prisons include the sale of manufactured goods and farm products produced by convicted criminals incarcerated in the state's prison system.

Segment information for the enterprise funds of the state for the year ended June 30, 1999, is:

(Amounts in Thousands)

	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES	PRISON CANTEENS	CORREC-TIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
Operating Revenue	$ 78,986	$368,812	$ 671	$ 18,052	$ 8,815	$ 28,504	$ 5,233	$ 3,513	$ 512,586
Federal Grants and Contracts	60,954	-	642	5,134	-	-	-	1,062	67,792
Depreciation	683	446	182	495	48	895	815	33	3,597
Operating Income	10,358	83,155	(801)	(450)	1,333	875	(2,700)	(151)	91,619
Operating Transfers-In	-	-	-	228	-	96	-	48	372
Transfers-(Out)	(206)	(42,642)	-	(96)	(1,667)	(457)	-	(137)	(45,205)
Net Income (Loss)	10,152	(161)	(145)	(191)	(305)	569	(552)	(47)	9,320
Additions to Contributed Capital	-	-	-	40	-	-	1,874	-	1,914
Working Capital	47,485	115	495	3,025	3,576	12,478	(75)	1,388	68,487
Increase in Net Property, Plant, and Equipment	1,266	(62)	(157)	25	919	107	1,263	207	3,568
Total Assets	68,022	38,881	1,040	11,195	5,565	23,598	10,723	6,327	165,351
Bonds and Other Long-Term Liabilities	1,629	862	45	947	65	997	2,391	77	7,013
Fund Equity	48,932	1,376	807	9,192	5,000	19,771	6,674	5,525	97,277

Component Units

The Colorado Water Resources and Power Development Authority's purpose is to initiate, acquire, construct, maintain, repair and operate, or cause to be operated, projects for the protection, preservation, conservation, upgrading, development and utilization of the water resources of the state.

The Denver Metropolitan Major League Baseball Stadium District includes all or part of the six counties in the Denver metro area. The District was created for the purpose of acquiring, constructing and operating a major league baseball stadium. The District levies a sales tax of one-tenth of one percent throughout this District for a period not to exceed 20 years for this purpose.

University Hospital is a nonsectarian, general acute care regional hospital, with seven outpatient clinics, operated by the University of Colorado Hospital Authority. It is the teaching hospital of the University of Colorado Health Sciences Center. The hospital's mission is to provide education, research and a full spectrum of primary, secondary and tertiary health care services to the Denver metropolitan area and the Rocky Mountain Region.

The Colorado Uninsurable Health Insurance Plan is a nonprofit public entity created to provide access to health insurance for those Colorado residents that are unable to obtain health insurance, or unable to obtain health insurance except at prohibitive rates or with restrictive exclusions.

The Colorado Travel and Tourism Authority was created in 1994 for the purpose of promoting the State of Colorado as a quality travel and tourist destination through advertising, publications, and public relations activities.

CONDENSED BALANCE SHEET
ALL DISCRETELY PRESENTED COMPONENT UNITS

DOLLARS IN THOUSANDS	TRUST & AGENCY	PENSION TRUST FUND	PROPRIETARY FUND TYPES					
	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO TRAVEL AND TOURISM AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTAL
ASSETS:								
Current Assets	$ 47,147	$ -	$ 18,599	$ 58,901	$ 95,647	$ 648	$ 3,640	$ 224,582
Investments	96,922	65,561	-	269,443	72,450	-	-	504,376
Property, Plant and Equip., net	-	-	184,217	171,056	102	6	4	355,385
Other Long-Term Assets	-	-	1,265	14,498	340,824	-	-	356,587
Total Assets	$ 144,069	$ 65,561	$ 204,081	$ 513,898	$ 509,023	$ 654	$ 3,644	$ 1,440,930
LIABILITIES:								
Current Liabilities	$ 101,439	$ -	$ 1,048	$ 59,627	$ 38,791	$ 627	$ 2,133	$ 203,665
Notes and Bonds Payable	-	-	68,805	238,324	308,997	-	-	616,126
Other Long-Term Liabilities	-	-	-	5,562	2,342	-	-	7,904
Total Liabilities	101,439	-	69,853	303,513	350,130	627	2,133	827,695
FUND EQUITY:								
Contributed Capital	-	-	386	-	92,375	-	-	92,761
Retained Earnings	-	-	133,842	-	66,518	27	1,511	201,898
Fund Balances:								
Reserved	42,630	65,561	-	-	-	-	-	108,191
Undesignated	-	-	-	210,385	-	-	-	210,385
Total Fund Equity	42,630	65,561	134,228	210,385	158,893	27	1,511	613,235
Total Liabilities and Fund Equity	$ 144,069	$ 65,561	$ 204,081	$ 513,898	$ 509,023	$ 654	$ 3,644	$ 1,440,930

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
ALL DISCRETELY PRESENTED COMPONENT UNITS - PROPRIETARY FUNDS

DOLLARS IN THOUSANDS	PROPRIETARY FUND TYPES					
	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO TRAVEL AND TOURISM AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTAL
OPERATING REVENUES	$ 954	$ 260,609	$ 20,167	$ 1,587	$ 3,328	$ 286,645
OPERATING EXPENSES:						
Depreciation	4,839	17,184	39	1	2	22,065
Other Operating Expenses	118	233,769	18,639	1,517	6,321	260,364
Total Operating Expenses	4,957	250,953	18,678	1,518	6,323	282,429
Operating Income/Excess (Loss)	(4,003)	9,656	1,489	69	(2,995)	4,216
Non-Operating Revenues and (Expenses)/Transfers:						
Taxes	30,041	-	-	-	-	30,041
Other	(5,665)	11,829	5,732	-	2,409	14,305
Transfers, net	-	-	2,701	-	-	2,701
Total Non-Operating Revenues and (Expenses)/Transfers	24,376	11,829	8,433	-	2,409	47,047
Net Income/Change in Retained Earnings	20,373	21,485	9,922	69	(586)	51,263
Fund Equity/Balance, Beg. of Year	113,855	188,900	130,577	(42)	2,097	435,387
Additions (Deductions) to Contributed Capital	-	-	18,394	-	-	18,394
Fund Equity/Balance, End of Year	$ 134,228	$ 210,385	$ 158,893	$ 27	$ 1,511	$ 505,044

P. OTHER DISCLOSURES

Primary Government

The Colorado Medical Services Foundation, a related organization, was established to support patient billing and collections for physician fees for the University of Colorado Health Sciences Center. During Fiscal Years 1998-99 and 1997-98, the university was reimbursed $72.7 million and $65.3 million, respectively, from the foundation for salaries, fringe benefits, and related costs. In addition, the foundation reimbursed the university $696,262 for professional liability insurance and administrative costs in Fiscal Year 1998-99. At June 30, 1999, the foundation owed the university $191,290.

The University of Colorado Foundation, Inc., an unconsolidated affiliated corporation, was established in 1967 as a separate corporation to solicit, collect, and invest donations for the university. The foundation distributed $38.0 million and $32.9 million to the university in Fiscal Year 1998-99 and 1997-98, respectively.

The Colorado State University Foundation was established to receive, manage, and invest philanthropic gifts to Colorado State University. During Fiscal Years 1998-99 and 1997-98, the foundation transferred $16.8 million and $12.0 million, respectively, to the university.

The Fort Lewis College Foundation was established to assist in promoting, developing, and enhancing the facilities and programs of the college. During Fiscal Years 1998-99 and 1997-98, the foundation transferred $878,236 and $479,527, respectively, to the college.

The Colorado School of Mines Foundation, Inc. was established in 1928 as a separate corporation for the purpose of benefiting the School of Mines by soliciting, collecting, and investing donations. During Fiscal Years 1998-99 and 1997-98, the school received $6,863,799 and $5,819,892 respectively from the foundation. The foundation owed the school $132,351 at June 30, 1999.

The Colorado School of Mines Building Corporation was established in 1976 for the purpose of building a facility to house the United States Geological Survey. The Geological Survey leases the facility from the corporation. The net assets of the corporation at June 30, 1999 and June 30, 1998 were $2,961,486 and $4,007,672 respectively.

During Fiscal Years 1998-99 and 1997-98 the Department of Local Affairs distributed $1,018,778 and $1,416,184 respectively, to the Colorado Housing and Finance Authority (CHAFA), a related party. The Fiscal Year 1998-99 distribution represented 50 percent of the revenues of the waste-tire-recycling program. At June 30, 1999, the state owed CHAFA $13,302.

The Great Outdoors Colorado Board (GOCO) is a constitutionally created entity whose purpose is to administer the Great Outdoors Colorado Program and Trust Fund. The purpose of the program is to invest money it receives from the Colorado Lottery in the wildlife and outdoor recreation resources of the state. During Fiscal Years 1998-99 and 1997-98, the board transferred $10,055,707 and $7,650,967 respectively to the Department of Natural Resources. At June 30, 1999, GOCO owed the Department of Natural Resources $2.8 million.

Component Units

The University of Colorado Hospital Authority received a net state appropriation of $7.7 million in both Fiscal Years 1998-99 and 1997-98 for indigent care. In addition, the hospital participates in the Colorado Disproportionate Share Hospital Program. The hospital received net reimbursements for this program from the state of $17.7 and $16.2 million for the years ended June 30, 1999 and 1998, respectively. For the same years, the Hospital received $3.16 million and $4.39 million related to service provided to medically indigent patients in prior years.

The authority and the University of Colorado Health Sciences Center have developed and received approval for an Institutional Master Plan to create a new academic health sciences center over the next 20 to 50 years. The U.S. Department of Education and the U.S. Army approved the transfer of 186 acres of land and buildings at the Fitzsimons Army Medical Center to the University of Colorado in federal Fiscal Year 2002-03. The Army has conveyed 88 acres under quit claim deeds in advance of the official transfer. The Authority entered a 30 year Ground Lease agreement with the University of Colorado Regents for 18.4 acres with a one dollar annual fee. The agreement provides for renewals up to 99 years and with certain exceptions, the Ground Lease states that the Authority shall own all buildings or improvements, which it constructs on the property.

Under the Operating Agreement between the University of Colorado Regents and the University of Colorado Hospital Authority dated July 1, 1990, the Regents have entered into contracts with the hospital for the provision of services in support of programs and operations of the University of Colorado Health Sciences Center. Amounts of approximately $23.9 million and $20.0 million were paid for these services in Fiscal Years 1998-99 and 1997-98, respectively. Other contracts with the Regents for storage facilities, student health services, and research projects resulted in reimbursements of approximately $4.2 million and $3.8 million in Fiscal Years 1998-99 and 1997-98, respectively.

The hospital has contracted with University Physicians, Inc. (UPI), a related party, for the administration of various hospital programs and for various professional laboratory services. The hospital and UPI have also entered other joint arrangements in furthering the missions of both organizations. Amounts of approximately $19.4 million and $18.2 million were paid for these programs during Fiscal Years 1998-99 and 1997-98, respectively.

The hospital leases certain employees to the Adult Clinical Research Center (CRC), a related party, at full cost and provides overhead and ancillary services for CRC patients. Charges of approximately $1.2 million and $1.4 million were billed to CRC for the cost of these services during Fiscal Years 1998-99 and 1997-98, respectively.

The hospital also leases certain employees to the Colorado Psychiatric Hospital (CPH), a related party, and provides various clinical and administrative services. Amounts for these services charged by the hospital were approximately $7.4 million and $6.8 million during Fiscal Years 1998-99 and 1997-98, respectively.

Amounts due from the Health Sciences Center, including CPH and CRC, amounted to $2.5 million and $3.0 million at June 30, 1999 and 1998, respectively.

The hospital entered certain provider and network management agreements with the TriWest Healthcare Alliance Corporation. TriWest was formed to deliver health care services to eligible beneficiaries of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS). On June 27, 1996, the U.S. Department of Defense awarded TriWest the CHAMPUS contract for a five-year period that began April 1997. As part of the agreements, the hospital purchased a minority interest in TriWest for approximately $3.3 million. This was recorded as "Other Assets" and is accounted for under the cost method. The hospital agreed to secure a letter of credit for $4.6 million to cover the hospital's share of any potential losses of TriWest. At June 30, 1999, no amounts had been drawn on the letter of credit.

The hospital is negotiating with UPI to assume 30% participation in the hospital's investment in TriWest. As part of its negotiations, the hospital received a capital contribution of $993,750 from UPI. Under the current terms of the draft contract between the hospital and UPI, UPI will sign a $1,380,000 letter of credit, equal to 30 percent of the hospital's letter of credit commitment to TriWest. In a separate agreement, UPI has signed an agreement with the hospital to assume its network management obligations related to TriWest.

Chartwell Rocky Mountain Region is a Colorado general partnership between the hospital and Chartwell Home Therapies Limited Partnership, a Massachusetts limited partnership. Chartwell Rocky Mountain Region was formed to provide home infusion and respiratory services to alternate site patients. The partnership began in April 1996. The hospital and Chartwell Home Therapies Limited Partnership each have a 50 percent ownership in Chartwell Rocky Mountain Region. Separate financial statements of Chartwell Rocky Mountain Region are available from Chartwell Home Therapies Limited Partnership.

NOTE IV. COMMITMENTS AND CONTINGENCIES

A. CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities are summarized as follows:

Primary Government

(Amounts in Thousands)

	Governmental Fund Types	Proprietary Fund Types	Trust & Agency Funds	Long-Term Debt Accounts	College & University Funds	Totals
Beginning Balance, July 1, 1998	$ 4,368	$ 31,387	$ 507,245	$454,783	$590,403	$1,588,186
Obligations Issued or Assumed	-	519	-	-	52,936	53,455
Obligations Retired or Reclassified	-	(612)	-	-	(52,411)	(53,023)
Increase (Decrease) in Deposits Held	8,394	31	(43)	-	(588)	7,794
Increase (Decrease) in Capital Leases	-	3,272	5	(11,558)	10,061	1,780
Increase (Decrease) in Comp. Absences	-	122	(9)	1,089	1,462	2,664
Increase (Decrease) in Deferred Comp.	-	-	(288,007)	-	-	(288,007)
Increase (Decrease) in Other Liabilities						
Tax Refunds Payable	-	-	(6,307)	-	-	(6,307)
Treasury Escheats	-	-	356	-	-	356
Risk Management Claims	-	-	-	1,317	(4,061)	(2,744)
Unpaid Insurance Claims	-	(199)	-	(380)	-	(579)
Expired Warrants Liability	-	3	-	-	-	3
Labor Fund Claims	-	-	-	(22,474)	-	(22,474)
Highway Construction Advances	-	-	-	(1,000)	-	(1,000)
Other	96	-	-	-	72	168
Ending Balance June 30, 1999	$ 12,858	$ 34,523	$ 213,240	$421,777	$597,874	$1,280,272

Component Units

(Amounts in Thousands)

	Denver Metropolitan Major League Baseball Stadium District	University Of Colorado Hospital Authority	Colorado Water Resources and Power Development Authority	Colorado Travel and Tourism Authority	Colorado Uninsurable Health Insurance Plan	Totals
Beginning Balance	$ 94,566	$ 139,623	$ 243,629	$ -	$ -	$ 477,818
Obligations Issued	-	110,000	105,460	-	-	215,460
Obligations Retired or Reclassified	(25,761)	(4,009)	(40,092)	-	-	(69,862)
Increase (Decrease) in Comp. Absences	-	399	-	-	-	399
Increase (Decrease) in Other Liabilities	-	(2,127)	2,342	-	-	215
Ending Balance	$ 68,805	$ 243,886	$ 311,339	$ -	$ -	$ 624,030

B. LEASE COMMITMENTS

Primary Government

The state may enter lease or rental agreements for buildings or equipment. All leases contain clauses indicating that continuation of the lease is subject to funding by the legislature. It is reasonably assured that most of these leases will be renewed in the normal course of business. They are therefore treated as noncancelable for financial reporting purposes.

At June 30, 1999, the state had $2.8 million of land, $261.6 million of buildings, and $121.4 million of equipment under capital leases. The state projects receiving $4.2 million of minimum sublease rentals and had paid $23,709 of contingent rentals.

Colorado State University Research Foundation, a related party, is a not-for-profit Colorado corporation, established to aid and assist the three universities governed by the State Board of Agriculture in their research and educational efforts. The support provided by the foundation to the universities includes patent and licensing management, equipment leasing, municipal lease administration, debt financing, and land acquisition, development and management. Colorado State University System is sub-leasing space from the foundation. The total obligation is $1,549,000 with average annual lease payments of $386,000. Colorado State University is also sub-leasing space from the foundation. The total obligation is $3,576,000, with average annual lease payments of $948,000.

The university is also leasing equipment from the foundation and has a total lease obligation of $1,663,000 with terms ranging from one to six years.

Fort Lewis College is leasing assets from the Fort Lewis College Foundation and had a lease payable of $419,637 at June 30, 1999.

The state is obligated under certain leases that are accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations. Therefore, the results of the lease agreements are not reflected in the balance sheets of the funds or account groups.

For Fiscal Year 1998-99, the state had building and land rental expenditures of $27.2 million and equipment and vehicle rental expenditures of $40.7 million paid to non-state agencies.

The state recorded $4.7 million of lease interest costs of which approximately $2.8 million was for certificates of participation for capital financing, $1.7 million was for state motor fleet vehicle leasing, and $.2 million was for other capital leases.

The $2.67 million of capital lease proceeds shown in the General Fund on the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balance* represents lease financing of computers by the Department of Human Services.

Future minimum payments at June 30, 1999, for existing leases were as follows:

(Amounts in Thousands)

	Fiscal Year	Operating Leases	Capital Leases: Enterprise Funds	Internal Service Funds	Trust & Agency Funds	General Long-Term Debt	College & University Funds
	2000	$ 32,192	$ 709	$12,615	$ 41	$ 6,939	$ 18,701
	2001	25,322	582	10,593	28	6,703	19,540
	2002	22,105	200	8,063	15	6,125	14,106
	2003	18,537	200	5,282	10	5,581	12,496
	2004	16,732	188	3,581	5	4,565	11,553
	Thereafter	46,846	129	1,172	-	9,003	115,744
Total Minimum Lease Payments		$161,734	2,008	41,306	99	38,916	192,140
Less: Imputed Interest			(271)	(4,073)	(10)	(6,161)	(68,495)
Present Value of Minimum Lease Payments			1,737	37,233	89	32,755	123,645
Less: Current Portion			(522)	(10,922)	-	-	(2,371)
Total Capital Lease Obligations			$1,215	$26,311	$ 89	$ 32,755	$ 121,274

Component Units

The University of Colorado Hospital Authority leases certain equipment under non-cancelable operating leases. Rental expense for operating leases approximated $5.7 million and $5.6 million for Fiscal Years 1998-99 and 1997-98, respectively. Future minimum lease payments for these leases at June 30, 1999 are:

Fiscal Year	Amounts in Thousands
2000	$ 4,789
2001	996
2002	457
2003	385
2004	385
Thereafter	689
Total Minimum Obligations	$ 7,701

The Colorado Water Resources and Power Development Authority leases office facilities under an operating lease which expires December 31, 2000. Total rental expense for the year ended December 31, was $87,132 in 1998 and $73,312 in 1997. The future minimum annual rental commitments under this lease are $85,729 for 1999 and 2000.

C. NOTES AND BONDS PAYABLE

Primary Government

Many institutions of higher education and the state nursing homes have issued bonds and notes for the purchase of equipment and construction of facilities. Specific user revenues are pledged for the payments of interest and future retirement of the obligations. During Fiscal Year 1998-99, the state had $121.5 million of available net revenue after operating expenses to meet the $34.6 million of debt service requirement related to these bonds. The state is not aware of any violations of any note or bond covenants by itself or any of its institutions at June 30, 1999, or after that date.

The state recorded $32.6 million of interest costs of which approximately $5.9 million was for short-term borrowings by the treasurer, $8.6 million was for the Guaranteed Student Loan Program, $14.2 million was for debt issued by various institutions of higher education, and $3.9 million of operating interest.

Annual maturities of notes and bonds payable, including $4.5 million classified as other current liabilities and $2.6 million of unamortized bond discounts and premiums, are as follows:

(Amounts in Thousands)

Fiscal Year	Revenue Bonds	Anticipation Warrants	Mortgages Payable	Installment Notes	Total
2000	$ 35,950	$ 126	$ 50	$ 404	$ 36,530
2001	34,043	128	50	206	34,427
2002	33,421	130	50	193	33,794
2003	33,321	-	50	185	33,556
2004	32,598	-	50	29	32,677
2005-2009	155,646	-	250	-	155,896
2010-2014	121,581	-	-	-	121,581
2015-2019	67,329	-	-	-	67,329
2020-2024	28,229	-	-	-	28,229
2025-2029	9,892	-	-	-	9,892
Total Future Payments	552,010	384	500	1,017	553,911
Less: Imputed Interest	(202,607)	(54)	(114)	(11)	(202,786)
Total Principal Payments	$ 349,403	$ 330	$ 386	$ 1,006	$ 351,125

Component Units

The debt service requirements to maturity for the Denver Metropolitan Major League Baseball Stadium District and the Water Resources and Power Development Authority at December 31, 1998 are:

(Amounts in Thousands)

Year	Denver Metropolitan Major League Baseball Stadium District	Colorado Water Resources and Power Development Authority
1999	$ 14,612	$ 31,848
2000	14,610	32,499
2001	14,612	32,223
2002	41,982	32,231
2003	-	31,842
Thereafter	-	337,922
Total Future Payments	85,816	498,565
Less: Imputed Interest	(10,736)	(175,889)
Unamortized Discount and Losses	(6,275)	-
Total Principal Payments	$ 68,805	$ 322,676

The Denver Metropolitan Major League Baseball Stadium District's bonds are secured by pledged revenues consisting principally of the net proceeds derived by the district from the levy of a one-tenth of one percent sales tax upon all taxable retail sales within the six county area comprising the jurisdiction of the district.

The outstanding bond principal and interest payments are also unconditionally and irrevocably guaranteed under a noncancelable insurance policy issued by Financial Guaranty Insurance Company. The company has a lien on the district's assets, subordinate to that granted to the bondholders, to secure repayment of amounts paid and expenses incurred by it, if any, under the policy.

The Denver Metropolitan Major League Baseball Stadium District's 1994 refunding resulted in an economic gain of $2.4 million and a book loss of $13.5 million. The District amortized $1.8 million and $1.5 of the book loss respectively for fiscal years 1998 and 1997 respectively.

All of the Water Resources and Power Development Authority's Small Water Resources Program bonds and the Series 1989A and Series 1990A Clean Water Revenue Bonds and Series 1989A and Series 1990A State Match Revenue Bonds are insured as to payment of principal and interest by Financial Guaranty Insurance Company. The Clean Water Revenue Bonds, Series 1992A are insured as to payment of principal and interest by Financial Security Assurance, Inc. The Wastewater Revolving Fund Refunding Revenue Bonds, Series 1996A are insured as to payment of principal and interest by AMBAC Indemnity Corporation. Total interest paid during 1998 amounted to $15,201,276.

During Fiscal Years 1998-99 and 1997-98, the University of Colorado Hospital Authority met all the financial ratio requirements of its bond indenture. Cash paid for interest by the hospital in Fiscal Years 1998-99 and 1997-98 approximated $7.0 million and $7.8 million, respectively. Total interest cost capitalized in Fiscal Year 1998-99 amounted to $1.3 million, which is net of $1.6 million in investment income from the unexpended bond funds.

The aggregate maturities of long-term debt for University of Colorado Hospital Authority at June 30, 1999 are:

(Amounts in Thousands)

Year	
2000	$ 3,190
2001	3,310
2002	3,430
2003	4,170
2004	4,350
Thereafter	235,670
Total Long-Term Debt Payments	254,120
Unamortized Discount	(3,577)
Deferred Amount on Refunding from Series 1997A Bonds	(9,029)
Total Carrying Amount of Long-Term Debt	$ 241,514

In April 1999, the University of Colorado Hospital Authority issued Series 1999A revenue bonds in the amount of $110.0 million. Proceeds from the sale of the bonds will fund a portion of the cost of the construction and equipping of certain facilities on a new health care campus to be located at the former Fitzsimons Army Medical Center.

D. OTHER LONG-TERM LIABILITIES

The following obligations, listed by fund type, represent amounts owed by the state at June 30, 1999, which are classified as other long-term liabilities on the balance sheet:

(Amounts in Thousands)

	General Fund	Proprietary Funds	Trust & Agency Funds	Long-Term Debt Accounts	College & University Funds	Totals
Tax Refunds Payable	$ -	$ -	$2,583	$ -	$ -	$ 2,583
Treasury Escheats	-	-	1,463	-	-	1,463
Risk Management Claims	-	-	-	99,388	29,518	128,906
Unpaid Insurance Claims	-	44	-	1,189	-	1,233
Expired Warrant Liability	-	110	-	-	-	110
Labor Fund Claims	-	-	-	181,636	-	181,636
Highway Construction Advances	-	-	-	2,000	-	2,000
Other	392	-	-	-	4,941	5,333
Totals	$ 392	$ 154	$4,046	$ 284,213	$ 34,459	$323,264

Tax Refunds Payable in the trust and agency funds are bonds posted by taxpayers concerning the collections of gross-ton-mile and fuel tax, and the deferment of delinquent severance taxes estimated to be collected after more than one year.

Treasury Escheats in the trust and agency funds reflect liabilities recorded related to perpetual property rights of individuals. The property rights are from assets that financial institutions and insurance companies have transferred to the state treasurer under state law. The amount recorded is an estimate based on historical claims of the fund.

The Risk Management Claims in the Long-Term Debt Account Group are the actuarially determined amounts in excess of the current liability in the General Fund related to self-insurance of general liability. It also represents expected claims under the prior Paid Loss/Retro Plan and the state's current self-insurance plan for workers' compensation. The Risk Management Claims in the College and University Funds are for the University of Colorado's self-insurance program for general liability, property, workers' compensation, medical benefits, and medical malpractice.

The Unpaid Insurance Claims in the Long-Term Debt Account Group are for the Department of Human Services workers' compensation self-insurance. A third party claims administrator currently manages the plan.

Expired Warrants Liability is for warrants issued by the Lottery Fund that have expired but for which the Lottery would be liable if the payee submitted a claim for reissue.

Long-term liabilities of the Labor Fund are recorded in the General Long-Term Debt Account Group. Estimated future payments are actuarially determined. Benefits are expected to be funded through future revenues from a special tax on workers' compensation premiums, court awards, and interest income.

Highway Construction Advances in the Long-Term Debt Account Group are related to funds that local governments provided to the Department of Transportation. The Department uses these funds to accelerate highway construction projects of interest to the local government. The funds will be repaid to the local government at the time when the project was scheduled to be completed.

E. DEFEASED DEBT

Primary Government

Debt is defeased by depositing in escrow accounts an amount sufficient, together with known minimum investment yields, to pay principal, interest, and any redemption premium on the debt to be defeased. During Fiscal Year 1998-99, debt was defeased in the College and University Plant Funds.

The balances placed in escrow type accounts with paying agents for the college and university funds are as follows:

(Amounts in Thousands)

University of Colorado	$49,985
Auraria Higher Education Center	34,155
University of Northern Colorado	18,570
Colorado State University	15,733
Western State College	11,830
School of Mines	11,765
Fort Lewis College	8,904
Pueblo Community College	3,200
Red Rocks Community College	2,880
Adams State College	1,000
Arapahoe Community College	255
University of Southern Colorado	110
Total	$158,387

During Fiscal Year 1998-99, Fort Lewis College defeased $4,570,000 of its Auxiliary Facilities Refunding and Improvement Revenue Bonds, Series 1992, by issuing $5,117,338 of Auxiliary Facilities Enterprise Refunding Revenue Bonds, Series 1998A. The old debt had an interest rate of 6.5% and a term of 14 years. The new debt carries interest rates ranging from 3.85% to 4.70% and a term of 14 years. Fort Lewis College reduced its debt service cash flows by $755,549 and reported an economic gain of $366,322. The transaction resulted in an accounting loss of $334,515 that the College recorded in the plant funds.

During Fiscal Year 1998-99, Red Rocks Community College defeased $2,880,000 of bonds issued in 1995 for construction of its student center by issuing $3,260,000 of new bonds. The old debt had interest rates ranging from 5.2% to 6.0% and a term of 25 years. The new debt carries interest rates ranging from 3.2% to 4.5% and a term of 21 years. Red Rocks Community College reduced its debt service cash flows by $108,982 and reported an economic gain of $87,650. The transaction resulted in an accounting loss of $227,712 that the College recorded in the plant funds.

During Fiscal Year 1998-99, Pueblo Community College defeased $3,200,000 of bonds issued in 1992 for construction of its student center by issuing $3,490,000 of new bonds. The old debt had interest rates ranging from 4.7% to 5.85% and a term of 25 years. The new debt carries interest rates ranging from 3.2% to 4.5% and a term of 19 years. Pueblo Community College reduced its debt service cash flows by $166,926 and reported an economic gain of $129,302. The transaction resulted in an accounting loss of $159,847 that the College recorded in the plant funds.

Component Units

The Denver Metropolitan Major League Baseball Stadium District in-substance defeased $14.6 million and $2.5 million of its 1994 revenue bonds in Fiscal Years 1998 and 1997 respectively. It had total debt service, including principal and interest, remaining for its in-substance defeased debt of $20.2 million at December 31, 1998.

The Colorado Water Resources and Power Development Authority had $66,715,000 of bonds previously issued but defeased at December 31, 1998. On January 7, 1998, the authority issued $12,500,000 of 1997 Series B Small Water Resources Revenue Bonds with an average interest rate of 4.73% to advance refund $11,170,000 of similarly named bonds in the 1991 Series A and 1992 Series A. This transaction reduced total debt service payments by almost $940,000 and resulted in an economic gain of approximately $656,000. On October 7, 1998, the authority issued $13,850,000 of 1998 Series B Small Water Resources Revenue Bonds with an average interest rate of 4.48% to advance refund $12,730,000 of similarly named bonds in the 1992 Series B and 1994 Series B. This transaction reduced total debt service payments by almost $932,000 and resulted in an economic gain of approximately $674,000. In these transactions, the authority incurred $2,450,000 of refunding costs that have been deferred and will be amortized over the life of the new debt.

On November 1, 1997, the University of Colorado Hospital Authority issued $123,900,000 in Hospital Refunding Revenue Bonds to advance refund Series 1992A bonds. At June 30, 1999, $111.2 million of bonds outstanding are considered defeased. The refunding resulted in a deferred loss, which the hospital is charging to operations through Fiscal Year 2022-23. At June 30, 1999, the unamortized deferred loss on refunding is $9.0 million. The Hospital completed the advance refunding to reduce its total debt service payments over the next 25 years by $6.5 million and to obtain an economic gain of $3.7 million.

F. RISK MANAGEMENT

Primary Government

The state currently self-insures its agencies, officials, and employees for the risks of losses to which they are exposed. This includes general liability, motor vehicle liability, worker's compensation, and medical claims. The Risk Management Fund is a restricted General Fund used for claims adjustment, investigation, defense, and authorization for the settlement and payment of claims or judgments against the state except for employee medical claims. The State Employees and Officials Insurance Fund is an Internal Service Fund established for the purpose of risk financing employee and state-official medical claims. Property claims are not self-insured; rather the state has purchased insurance.

All funds and agencies of the state, with the exception of the public authorities and the University of Colorado, participate in the Risk Management Fund. Agency premiums are based on an assessment of risk exposure and historical experience. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. A contractor completed an actuarial study during Fiscal Year 1998-99.

Colorado employers are liable for occupational injuries and diseases of their employees. Benefits are prescribed by the Worker's Compensation Act of Colorado for medical expenses and loss of wages resulting from job-related disabilities. The state uses the services of the Colorado Compensation Insurance Authority, a related party, to administer its plan. The state reimburses the Authority for the current cost of claims paid and related administrative expenses.

During Fiscal Years 1998-99, 1997-98, and 1996-97 medical claims against the State Employees and Officials Insurance Fund (SEOGI) exceeded the premiums collected. This resulted in decreases in the medical reserve fund equity of approximately $4.7 million, $3.8 million, and $6.5 million respectively. The fund includes several medical plan options ranging from provider of choice to managed care. Beginning in year 2000, SEOGI will make changes to benefit levels and will purchase insurance to address the continuing decrease in the medical reserve fund equity.

Before January 1, 1999, the State Employees and Officials Insurance Fund also provided an employer paid short-term disability plan for all employees. On January 1, 1999, the Public Employees Retirement Association (PERA) began covering short-term disability claims for state employees eligible under its retirement plan (See Note V-A). SEOGI continues to provide short-term disability coverage for employees not yet qualified for the retirement plan and limited benefits for employees also covered under the PERA short-term disability plan. The SEOGI program provides an employee with 60 percent of their pay beginning after 30 days of disability or the exhaustion of the employee's sick leave balance, whichever is later. This benefit expires six months after the beginning of the disability.

Before October 1, 1996, the Regents of the University of Colorado participated in the University of Colorado Insurance Pool – a public-entity self-insurance pool. After that date, the university became self-insured for worker's compensation, auto, general and property liability, and employee and university-official medical claims. A third party handles the university's medical claims through a contractual agreement. The university has also purchased stop-loss insurance for individual medical claims more than $500,000.

The University of Colorado Health Sciences Center's Housestaff Health Benefits Plan is a comprehensive self-insurance health benefits program for physicians in training at the Health Sciences Center. The University manages excess risk exposure for staff medical claims by purchasing stop-loss insurance. Collections from the stop-loss insurance totaled $82,127 over the three previous years. The Center also self-insures its faculty, staff and students for medical malpractice through the University of Colorado Self-Insurance Risk Management Trust. The discounted liability for malpractice is determined annually by an actuarial study.

The Department of Human Services uses a third party administrator to manage claims related to the Human Services Workers' Compensation Plan. However, new claims are administered by Risk Management and paid from the Risk Management Workers' Compensation Plan.

There were no significant reductions or changes in insurance coverage from the prior year in any of the above mentioned risk management arrangements. Settlements did not exceed insurance coverage in any of the past three fiscal years.

Changes in the balances of claims liabilities were as follows:

Amounts in Thousands

Fiscal Year	Liability at July 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability at June 30
Risk Management:				
Liability Fund				
1998-99	$ 23,095	$ 1,976	$ 2,060	$ 23,011
1997-98	21,124	7,936	5,965	23,095
1996-97	20,676	3,858	3,410	21,124
Workers' Compensation				
1998-99	98,328	24,429	20,171	102,586
1997-98	95,749	28,470	25,891	98,328
1996-97	83,202	37,980	25,433	95,749
Employee's and Officials Insurance Fund:				
1998-99	10,733	66,369	63,522	13,580
1997-98	10,285	60,571	60,123	10,733
1996-97	9,200	63,701	62,616	10,285
University of Colorado:				
General Liability, Property, and Workers' Compensation				
1998-99	16,918	3,270	4,883	15,305
1997-98	19,329	3,666	6,077	16,918
1996-97	18,366	7,441	6,478	19,329
Medical Benefits Plan				
1998-99	7,902	27,934	30,016	5,820
1997-98	5,761	30,957	28,816	7,902
1996-97	13,492	26,447	34,178	5,761
Univ. of Colorado Health Sciences Center:				
Medical Malpractice				
1998-99	8,167	515	843	7,839
1997-98	7,089	1,902	824	8,167
1996-97	7,427	878	1,216	7,089
Housestaff Health Benefits				
1998-99	592	2,436	2,475	553
1997-98	526	2,500	2,434	592
1996-97	473	2,544	2,491	526
Department of Human Services:				
Workers' Compensation				
1998-99	1,570	-	381	1,189
1997-98	1,951	-	381	1,570
1996-97	2,375	-	424	1,951

Component Units

As of October 1, 1989, the University of Colorado Hospital Authority began self-insuring against malpractice claims in excess of coverage provided by the University of Colorado Self Insurance Risk Management Trust in which the hospital participates. The trust had a fund balance in excess of reserves for losses and loss adjustment expense and the hospital received a refund of $421,000 in Fiscal Year 1998-99. The hospital had established an additional self-insurance trust fund for uninsured losses, funding of which was determined by an independent actuarial computation. However, according to the June 30, 1999 actuarial report, the hospital no longer has any exposure related to the period when it may not have been a governmental entity. Consequently, the excess self-insurance fund is no longer necessary.

The hospital purchased insurance coverage from the University of Colorado Insurance Pool (UCIP) for workers' compensation, property, crime, auto and general liability until September 30, 1996. Beginning October 1, 1996 the hospital began using commercial insurance carriers instead of UCIP. The hospital believes that it has adequately provided for the liability, if any, that may develop while it was covered by UCIP. The hospital purchases insurance coverage for employee health, dental and accident claims through the University of Colorado and other commercial insurance companies.

The Denver Metropolitan Major League Baseball Stadium District purchases commercial insurance to mitigate most of its risk of loss. It requires its lessee and contractors to cover certain other risks. Claims have not exceeded insurance coverage in the past three years except for $58,000 the District paid in settlement of a construction claim liability.

The Colorado Water Resources and Power Development Authority maintains commercial insurance for most all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Colorado Travel and Tourism Authority maintains commercial insurance for most all risks of loss. Settled claims have not exceeded this commercial coverage in either of the past two years.

G. CONTINGENCIES

Primary Government

Most claims against the state are limited by the Colorado Governmental Immunity Act that sets upper limits of state liability at $150,000 per person and $400,000 per occurrence. Judgments awarded against the state for which there is no insurance coverage or which are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Numerous court cases are pending in which the plaintiffs allege that the state has deprived persons of their civil rights or inadequately compensated them for their property. In the aggregate, the monetary damages (actual, punitive, and attorney's fees) claimed in the civil rights cases would exceed the insurance coverage available by a material amount. The state believes it is highly unlikely that there will be actual awards of judgments in material amounts.

The state is a defendant in numerous lawsuits involving claims of inadequate, negligent, or unconstitutional treatment of prisoners and mental patients. In some of these suits, plaintiffs are seeking or have obtained certification as a class for a class action suit. Most of these cases seek actual damages that are not material but include request for punitive damages that may be material. There is also the potential that the courts may rule that the current conditions of confinement are unconstitutional.

The state is defendant in lawsuits by employees accusing the state of various infractions of law or contract. These include claims related to age and sex discrimination, wrongful termination, contractual agreements for paying of salaries based on parity and equity, and overtime compensation under the Federal Fair Labor Standards Act. The state does not believe that any of these cases are material to its financial operations.

Many state agencies have grant and contract agreements with the federal government and other parties. These agreements generally provide for audits of the transactions pertaining to the agreements, with the state being liable to those parties for any disallowed expenditure. The state is contesting the disallowance related to such audits, and the outcome is uncertain at this time.

The Colorado Student Loan Program, in the event of adverse loss experience, could be liable for approximately 25 percent ($381.0 million) of the outstanding balance of loans in repayment status. However, the probability of a material loss is remote.

The Colorado Association of Public Employees has sued the state seeking to void certain mental-health-services contracts in a challenge of the state's privatization statutes. The contracts represent annual value of $120 million, however, the likelihood of a resulting liability and the related amount cannot be estimated.

Rocky Mountain HMO has sued the state alleging that the state's managed care rates are incorrect. The

complaint seeks $13.5 million in damages and attorney fees.

The U.S. Environmental Protection Agency has, in several instances, either sued the state or given notice of the state's potential responsibility under CERCLA. This includes the School of Mines as well as other non-state parties. Issues have arisen because of costs associated with the cleanup of hazardous substances at several sites owned by the state. The governor, the Department of Public Health and Environment, the School of Mines, and the Office of Attorney General have entered an agreement to manage the problem on a statewide level. The General Assembly has appropriated funds for remediation.

The United States and the State of Colorado have sued and been counter-sued by an individual regarding the environmental clean up of the Summitville Superfund Site in southern Colorado. The counter-suit does not specify damages. However, the Environmental Protection Agency and the State of Colorado have expended approximately $94 million in the clean up.

At June 30, 1999, the Lottery Division of the Department of Revenue had outstanding annuity contracts of approximately $708.9 million in the name of lottery or lotto prize winners. The probability is remote that any of the sellers of these contracts will default, and thus, require the state to pay the annuity.

Various notes and bonds have been issued by state school districts that may impact the state. Colorado statutes provide that if a district indicates that it will not make the payment to bondholders by the date on which it is due, the state treasurer shall forward the amount necessary to make the payment to the paying agent. The state shall then withhold state equalization payments to the defaulting school district for a period up to 12 months to cover the state's loss. Currently, notes or bonds valued at over $4.01 billion are outstanding. Of this amount, $2.75 billion is covered by private insurance.

The Colorado Department of Transportation is in the process of remediating its underground fuel storage tanks. The department has estimated that its future costs will be approximately $20 million, and the process will not be completed until the year 2010.

The State of Kansas has sued the state in the U.S. Supreme Court for alleged violations of the Arkansas River Compact. The case was bifurcated into a liability and a remedy phase. The Supreme Court ruled in favor of Kansas in one of its three claims. The case is now before a special master to decide the appropriate remedy. Kansas is claiming damages of $78 million plus costs and attorney fees; however, it is anticipated that the damage award will be substantially less than the Kansas claim.

A class action suit has been brought against the state seeking damages of $703 million – equal to the sales tax refund for Fiscal Years 1996-97 and 1997-98. The suit alleges that the refund program violates interstate commerce, equal protection and privileges, and immunity clauses of the U.S. Constitution. It also alleges that the TABOR amendment, under which the refund was made, violates the equal protection and due process clauses of the Colorado Constitution.

The state has been sued in connection with a land transfer from the Department of Natural Resources to the Department of Corrections for expansion of the Rifle Correctional Center. The plaintiffs claim that federal land and water conservation funds were illegally diverted to state prison purposes. The state is awaiting a decision from the court.

A class action suit has been brought on behalf of minor children who attend public schools within the state. The complaint alleges that the statutory method of funding capital expenditures for public schools denies the student class constitutional rights guaranteed by the equal protection, due process, and educational clauses of the State Constitution. Should the court find that the present school capital finance system does not meet the adequacy requirements of Article IX, Section 2 (Education Clause) of the State Constitution, the state could incur substantial future costs to overhaul the school finance system.

The state believes it has a good chance of prevailing in these cases, but the ultimate outcome cannot presently be determined. No provision for any liability that may result has been made in the financial statements.

NOTE V. PENSION SYSTEM AND OBLIGATIONS

A. PLAN DESCRIPTION

Virtually all State of Colorado employees participate in a defined benefit pension plan. The plan's purpose is to provide income to members and their families at retirement or in case of death or disability.

Administration of the Plan

The plan, a cost-sharing multiple-employer plan, is administered by the Public Employees' Retirement Association (PERA). PERA was established by state statute in 1931, and it includes the State and School Division Trust Fund, the Municipal Division Trust Fund, and the Judicial Division Trust Fund. The authority to establish or amend plan benefits is retained by the General Assembly in accordance with Title 24, Article 51 of the Colorado Revised Statutes (CRS).

The state plan, as well as the other divisions' plans, are included in PERA's financial statements which may be obtained by writing PERA at 1300 Logan Street, Denver, Colorado, 80203.

Service Requirement and Termination

Employees who terminate before meeting the required years of service are refunded their contributions made to the plan plus interest. Employees terminating after meeting the service requirements may, if they desire, remain in the plan until eligible for retirement. Those withdrawing from the plan receive their contributions, interest on their contributions, plus an additional 25 percent of their contribution and interest. This terminates their individual accounts. The interest rate paid is set at 80 percent of the PERA actuarial investment rate.

Defined Retirement Benefits

Plan members are eligible for retirement benefits at age 50 with 30 years of service, age 60 with 20 years of service, or at age 65 with 5 years of service. State troopers and Colorado Bureau of Investigation (CBI) officers are eligible for retirement benefits at the following age and years of service; any age – 30, 50 – 25, 55 – 20, and 65 – 5.

Monthly benefits are calculated as a percentage of highest average salary (HAS). HAS is one-twelfth of the average of the highest salaries on which contributions were paid, associated with three periods of 12 consecutive months of service credit. Service retirement benefits are calculated at 2.5 percent of HAS for each year of service up to a maximum of 40 years.

Reduced service retirement benefits are available at the following age and years of service; 50 – 25, 55 – 20, and 60 – 5. The benefit is calculated similarly to a service retirement benefit; however, it is reduced by percentages that vary from 0.25 to 0.5, depending on age and years of service, for each month before the eligible date for the full service retirement.

Money Purchase Retirement Benefit

A retiring member may elect to withdraw their PERA account and receive an additional matching amount equal to 50 percent of their contribution plus interest, or receive a lifetime benefit based on the amount the member could withdraw. The withdrawal or the lifetime benefit is in lieu of the defined benefit.

Disability and Survivor Benefits

Beginning January 1, 1999, PERA adopted two types of disability programs. Disabled members who have five or more years of service credit, six months of which has been earned since the most recent period of membership, may apply for disability benefits. If the member is not totally and permanently disabled, they are provided reasonable income replacement through a third party insurance carrier and rehabilitation or retraining services. If the member is totally and permanently disabled they receive disability retirement benefits projected to age 65 but generally limited to 50 percent of HAS.

If a member dies before retirement, their eligible children under the age of 18 (23 if a full-time student) are entitled to a single payment or monthly benefit payments. If there are no eligible children, the member's spouse is paid the monthly benefit, and absent an eligible spouse or children over the age of 23, the financially dependent parents receive a survivor benefit. The named beneficiary and the member's estate are next in line to receive the survivor benefit.

B. FUNDING POLICY

Members and employers are required to contribute to PERA at a rate set by statute. The contribution requirements of plan members and affiliated employers are established under Title 24, Article 51, Part 4 of the Colorado Revised Statutes as amended. Members are required to contribute 8 percent of their gross salary, except for state troopers and CBI officers, who contribute 11.5 percent. Annual gross covered wages subject to

PERA are gross earnings less any reduction in pay to offset employer contributions to the state sponsored IRC 125 plan established under Section 125 of the Internal Revenue Code.

The state contribution rate from July 1, 1998 to June 30, 1999 was 11.4 percent (13.1 percent for state troopers and CBI officers) of the employee's gross covered wages with 10.6 percent allocated to the employees retirement account and the remaining .8 percent allocated to the Health Care Fund (See Note V-E). The state made retirement contributions of $184.9 million, $175.5 million, and $169.4 million, in Fiscal Years 1998-99, 1997-98, and 1996-97, respectively. The amounts do not include the Health Care Fund contribution and for each year were equal to the required contribution.

C. OTHER RETIREMENT PLANS

Primary Government

Some employees of various institutions of higher education may be covered under other retirement plans. Presidents, deans, professors, and instructors in state educational institutions are enrolled in defined benefit plans such as the Teachers Insurance and Annuity Association, the Variable Annuity Insurance Corporation, or other similar plans.

Faculty members at the University of Colorado are also under Social Security. Faculty members at Colorado State University were covered exclusively by PERA until May 1993. Faculty members hired after that time are covered by one of several defined contribution plans. Faculty previously covered by PERA had the choice of converting entirely to the defined contribution plan or remaining in PERA for their service until May 1993, with service after that time credited to the defined contribution plan.

The state made contributions to other pension plans of $27.9 million and $26.2 million during Fiscal Years 1998-99, and 1997-98, respectively. In addition, the state paid $37.1 million and $34.4 million in FICA or Medicare taxes on employee wages during Fiscal Years 1998-99, and 1997-98, respectively.

PERA offers a voluntary 401(k) plan entirely separate from the defined benefit plan. PERA members may make contributions of up to 23 percent of their annual gross salary, to a maximum of $10,000. Contributions and earnings are tax deferred. On December 31, 1998, the plan had net assets of $362.9 million and 20,112 accounts.

The Fire and Police Pension Association, a related party, was established to insure the financial viability of local government pension plans for police and firefighters. In Fiscal Years 1998-99 and 1997-98, the state treasurer transferred $28.5 million and $28.4 million to the association to enhance its actuarial soundness. This included the state's cost for the accidental death and disability insurance policy the association provides to volunteer firefighters.

<u>Defined Contribution Plan</u>

On July 1, 1998, the state began providing a defined contribution plan for certain employees identified in statute. The plan is authorized in Title 24 Article 54.7 of the Colorado Revised Statutes, and it is established and administered by the five-member Defined Contribution Retirement Committee. Changes to the plan must be consistent with the authorizing legislation. The state is the sole contributing employer of the plan.

The following classes of state employees are covered; legislators, elected state officials and their deputies, department executive directors appointed by the governor, members of the Public Utilities Commission, employees of the governor's office not covered by the state personnel sytsem, and employees of the Senate or House of Representatives. Participation in the plan by eligible employees is voluntary; however, a participant cannot also be an active member in the Public Employees Retirement Association (PERA). At June 30, 1999, 117 state employees were participating in the defined contribution retirement plan.

The plan provides benefits to participants through purchased annuity contracts or certificates; both of which are required to be fully portable.

Contributions to the plan are set in statute as a percent of salary, and they are required to be the same as the contributions to the defined benefit plan administered by the PERA. During Fiscal Year 1998-99, the state contribution rate was 11.4 percent and the employee was required to contribute 8 percent of gross covered wages.

The financial statements of the Defined Contribution Plan are prepared on the accrual basis in accordance with NCGA Statement 1 and Governmental Accounting Standards Board Statement 25. The Plan recognizes member and employer contributions as revenues in the period in which the employee is compensated. Investments are reported at fair value.

The Plan had the following concentrations of investments greater than five percent:

INVESTMENT	BALANCE	PERCENT
MFS Investors Growth	$67,028	16%
Vanguard Index 500	63,215	15%
Vanguard Asset Allocation	59,310	14%
Valic Fixed Fund	50,389	12%
T. Rowe Price Small Capitalization	41,007	10%
Templeton World One	25,693	6%
MFS Investors Trust	24,616	6%
MS Large Company Growth	24,519	6%
Other	63,843	15%
Totals	$419,620	100%

Component Units

Employees of the Colorado Uninsurable Health Insurance Plan, and the Colorado Water Resources and Power Development Authority are covered under the State and School Division of PERA. (See Note V-A)

The University of Colorado Hospital Authority participates in two retirement plans, which cover substantially all of its employees. The hospital maintained a noncontributory defined benefit pension plan for its employees through March 1995. Under this plan, contributions credited to each covered employee's account were based on a percentage of compensation earned by the employee. Vesting under this plan is based on length of service. Benefits are payable as a lump sum upon retirement or separation or under several annuity options upon retirement.

As of March 31, 1995, a final contribution was credited to the accounts of all covered employees of record on that date, and this plan was frozen. Employee accounts continue to accrue interest based on the Thirty-Year Treasury Constant Maturities rate, and covered employees not fully vested in this plan will continue to earn credit toward vesting under a new plan. As the hospital acts in a fiduciary capacity for this plan and has the ability to amend the plan at its discretion, the plan's assets and related reserves are included in the financial statements as a pension trust fund.

As of April 1, 1995, the hospital amended its retirement plan based on its ability to withdraw from the Old Age, Survivors, and Disability Insurance (OASDI) component of the Federal Insurance Contributions Act (FICA) by virtue of its operation under legislatively granted state authority. The hospital and its employees still contribute to and participate in the Medicare component of FICA. The hospital's amended plan is composed of three distinct components: a Basic Pension Plan, an Investment Account, and a Matching Account.

The Basic Pension Plan is a defined benefit plan with benefits payable based on length of service and average compensation earned by the employee during the five most highly compensated calendar years of service after 1994. Vesting under this component is based on length of service. The hospital's funding policy is to contribute amounts at least equal to the minimum funding requirements of ERISA.

The hospital made contributions of $4.80 million and $6.30 million to its defined benefit plans in Fiscal Years 1998-99 and 1997-98, respectively. The actuarially computed net periodic pension cost for this plan was $4.86 million and $5.32 million for those years. According to the unaudited actuarial report, the hospital met the annual required contribution in each of the past four fiscal years. Actuarial value of the plan assets was $54.5 million and $45.1 million for Fiscal Years 1998-99 and 1997-98, respectively. Excluding U.S. Treasury securities, the plan had two investments where the fair value exceeded five percent of the plan net assets; MAS Pooled Fund Value Institutional Portfolio #22 – $10.1 million, and Glenmede International Portfolio Fund – $9.7 million.

The Investment Account is a qualified defined contribution retirement plan under the provisions of Internal Revenue Code (IRC) Section 401(a). Employees are required to contribute 6.2% of their gross compensation, which is equivalent to what their OASDI contributions were under FICA participation. Employees are always fully vested in this component of the plan. Total compensation covered in this plan for the years ended June 30, 1999 and 1998 was approximately $90.9 million and $82.8 million, respectively. The hospital is required by law to provide an additional make-up contribution for certain part-time employees equal to 1.3% of their compensation until they are fully vested in the Basic Pension Plan. Since April 1, 1995, make-up contributions made by the hospital have approximated $104,000.

The Matching Account is a qualified single-employer tax-deferred annuity plan under the provisions of IRC Section 403(b). Employees are eligible to contribute a percentage of their gross compensation, tax-deferred up to legal limitations established under the IRC. In addition, the hospital matches employee contributions 100% on the first 3% of gross compensation contributed. Employees are always vested 100% in their contributions; however, the hospital's matching contributions are subject to a five-year vesting schedule. The hospital's matching contributions for Fiscal Years 1998-99 and 1997-98 were approximately $1.7 million and $1.6 million respectively.

The hospital has contributed to PERA in accordance with actuarially determined funding amounts for their employees who are still state employees. Pension expense related to state employees was $240,000 and $282,000 for Fiscal Years 1998-99 and 1997-98, respectively. There were no transfers from PERA to the hospital's pension plan for previous state employees who have transferred their benefits to the hospital's pension plan for the years ended June 30, 1999 and 1998.

D. EMPLOYEE DEFERRED COMPENSATION

The state initiated a deferred compensation (457) plan for state employees in 1981. This plan uses a third party administrator, and all costs of administration and funding are borne by the plan participants. Due to changes in the Internal Revenue Code and state statute, the deferred compensation plan that was previously reported in an agency fund is now reported in an expendable trust fund. The assets of the plan are not assets of the state, but are held in trust for the exclusive benefit of plan participants and their beneficiaries. Fund equity of the plan at June 30, 1999, was $327.6 million. Investments and accumulated earnings of the plan at June 30, 1998 totaled $288.1 million. The state has no liability for losses under the plan but does have the duty of due care that is required of a fiduciary agent.

E. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

Health Care Program

The PERA Health Care Program began covering benefit recipients and qualified dependents on July 1, 1986. This benefit was developed after legislation in 1985 established the Program and the Health Care Fund. Under this program, PERA subsidizes a portion of the monthly premium for health care coverage. The benefit recipient pays any remaining amount of that premium through an automatic deduction from the monthly retirement benefit. During 1998, the subsidy was $115.00 for those with 20 years of service credit and reduced by $5.75 for each year under 20.

The Health Care Fund is maintained by a contribution of 0.8 percent of covered salary. The state paid $14.0 million, $13.1 million, and $12.5 million in Fiscal Years 1998-99, 1997-98, and 1996-97, respectively. Monthly premium costs for participants depend on the health care plan selected, the number of persons being covered, Medicare eligibility, and the number of years of service credit a retiree has. PERA contracts with a major medical indemnity carrier to administer claims for self-insured plans, and with health maintenance organizations providing services within Colorado. As of December 31, 1998, there were 30,291 participants, including spouses and dependents, from all contributors to the plan.

Life Insurance Program

PERA provides its members access to two group decreasing-term life insurance plans offered by Prudential and Rocky Mountain Life. Active members may join one or both plans, and they may continue coverage into retirement. Premiums are paid monthly by payroll deduction.

Other Programs

Separate post-retirement health care and life insurance benefit plans exist in some state colleges and universities but are small in comparison to the PERA plan for state employees. The state has no liability for any of these post-retirement health care and life insurance plans.

NOTE VI. SUBSEQUENT EVENTS

A. PENSION PLAN CHANGES

Senate Bill 90 passed in the 1999 legislative session made the following changes to the public employees' pension plan.

Effective July 1, 1999, in addition to their contributions and interest, terminating Public Employees' Retirement Association (PERA) members will receive matching payments equal to 50 percent of their contributions plus interest if under age 65 or not eligible for retirement and 100 percent of their contribution plus interest if age 65, eligible for retirement, or upon the death of a member.

At the later of January 1, 2001, or upon full amortization of PERA's unfunded liability, employers can match employees' contributions to defined contribution plans and reduce their contribution rates to the defined benefit plan as provided in the act.

Effective July 1, 1999, the contribution rate for state troopers is reduced from 11.5 percent to 10 percent.

Effective July 1, 1999, PERA is to establish a Health Care Trust Fund. The employer contribution to the fund will increase from 0.8 percent to 1.1 percent with a similar decrease to the employer contribution to the defined benefit pension trust fund.

Effective July 1, 2000, the subsidy for pre-Medicare retirees with 20 or more years of service will double from $115 to $230.

B. LIGHT RAIL COMMITMENT

The Auraria Higher Education Center committed to contribute $500,000 to the Regional Transportation District (RTD) for additional funding of an extension of RTD's light rail line to Coors Field in lower downtown Denver. An existing light rail line serves the Auraria Higher Education Center.

C. BONDING AUTHORIZED

On November 2, 1999, Colorado voters passed a measure referred to the ballot by the state legislature. The measure authorizes the state to issue $1.7 billion in bonds, with a maximum payback cost of $2.3 billion, to accelerate selected state highway construction projects. The state is to repay the bonds and related debt service from anticipated federal transportation revenues. The bonds are not considered general obligation debt due to language that limits the state's legal responsibility for repayment.

D. BOND DEFEASANCE

Component Units

On August 1, 1999, the Denver Metropolitan Major League Baseball Stadium District entered an agreement with the Metropolitan Football Stadium District and other parties to defease its outstanding bonds prior to January 1, 2001. The agreement is contingent upon availability of funds and legal and tax-exemption determinations. If the agreement is consummated, the District has agreed to take all actions necessary to end the Denver Metropolitan Major League Baseball Stadium District sales tax on January 1, 2001.


STATE · OF · COLORADO
UNION AND CONSTITUTION
NIL SINE NUMINE
1876

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF COLORADO

OFFICE OF THE STATE AUDITOR
(303) 866-2051
FAX (303) 866-2060

J. DAVID BARBA, CPA
State Auditor

Legislative Services Building
200 East 14th Avenue
Denver, Colorado 80203-2211

November 4, 1999

Independent Auditor's Report
On Required Supplementary Information

Members of the Legislative Audit Committee:

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole for the State of Colorado as of and for the year ended June 30, 1999, which are presented in the preceding section of this report. The year 2000 supplementary information on pages 93 and 94 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the State of Colorado will become year 2000 compliant, that the State of Colorado's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the State of Colorado does business are or will become year 2000 compliant.

J. David Barba

YEAR 2000 PREPARATIONS

Primary Government

The year 2000 issue arises because most computer software programs allocate two digits to the year date field on the assumption that the first two digits will be 19. Without reprogramming, such programs may interpret the year 2000 as the year 1900. In addition, some programs may be unable to recognize the year 2000 as a leap year.

The year 2000 issue may affect electronic equipment containing computer chips that have date recognition features – such as, environmental systems, elevators, and vehicles – as well as computer software programs. In addition, the year 2000 issue affects not only computer applications and equipment under the state's direct control but also the systems of other entities with which the state transacts business. Some of the state's systems and equipment affected by the year 2000 issue are critical to the continued and uninterrupted operations of state government.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of the related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot guarantee that the state is or will be year 2000 ready, that the state's remediation efforts will be successful in whole or in part, or that parties with whom the state does business will be year 2000 ready.

In early 1997, the legislature directed the Office of State Planning and Budgeting (OSPB) and the Commission on Information Management (IMC) to assess and report on the cost of year 2000 readiness preparations. The IMC developed a process for assessing and monitoring year 2000 project progress. It has asked state agencies that are not higher education institutions to report on completion of stages for each critical system. Higher education institutions report similar information directly to the Joint Budget Committee of the legislature.

The June 30, 1999 IMC report estimated the year 2000 project cost at $35.5 million excluding higher education projects and embedded systems costs. At June 30, 1999, the state had $5,402,316 committed to the various projects through contracts with parties external to the state.

At any given time, work on the year 2000 issue with respect to each system deemed critical falls predominantly in one of the following stages:

- *Awareness stage* – Establishing a budget and project plan for dealing with the year 2000 issue.
- *Assessment stage* – Identifying the systems and components for which year 2000 work is needed.
- *Remediation stage* – Making changes to systems and equipment.
- *Validation/Testing stage* – Validating and testing changes that were made during the remediation stage.

Completion of any or all of the stages does not mean the state's systems are or will be year 2000 ready or compliant.

At June 30, 1999, the state identified 604 projects and systems in its inventory, and 449 were deemed critical. The following table shows for each stage the number and percentage of total critical systems where the state has completed work.

STAGE	NUMBER	PERCENT
Awareness	1	0.2%
Assessment	7	1.6%
Remediation	39	8.7%
Testing/Validation	402	89.5%
Totals	449	100.0%

The state does business with many external entities that may have year 2000 problems. The state makes no representation that these external entities are or will be year 2000 ready or compliant. However, no external entities have notified the state that any critical system will not be year 2000 compliant.

Readers can obtain additional information regarding the year 2000 issue related to nonhigher-education state agencies from the Year 2000 Project Office web site at http://www.state.co.us/Y2K.

Component Units

The Colorado Water Resources and Power Development Authority has inventoried its internal systems, and it is in the remediation phase at December 31, 1998. The Authority receives a majority of its funding from the Environmental Protection Agency, State of Colorado, and Colorado local governments, all of which are responsible for remediating their electronic data processing systems. The Authority also relies on certain banking institutions' trust departments to process a significant portion of Authority receipts, disbursements, and investments. Such banking institutions are responsible for remediating their electronic data processing systems.

The Denver Metropolitan Major League Baseball Stadium District has no significant computer systems of its own, but it relies upon several external parties. Those parties include the District's lessee, the Colorado Department of Revenue, a trustee bank, and a certified public accounting firm. The parties have informed the District that they are in the remediation and validation stages, and they expect to be able to provide the services previously provided.

The University of Colorado Hospital Authority has created a Year 2000 Oversight Committee that reviews all Year 2000 activities. The hospital is in the process of completing implementation of its Year 2000 compliance plan and is working on its contingency plan. The plans include replacement of desktop computers, hiring an outside consultant to address medical equipment problems, obtaining backup emergency power units, and accessing an on-site water well to meet water needs. The hospital expects to expend between $3.5 and $4.0 million in remediating the Year 2000 problem.

The hospital administration expects its accounting and billing systems to function properly, but it has manual systems in place as a short-term back up of the automated systems. If the computerized systems fail to operate for extended periods (more than three to four weeks), the hospital could experience significant delays in billing and collections. The hospital participates in the Medicare Periodic Payments program, and therefore, it does not expect an interruption in Medicare payments. A line of credit is in place to mitigate any delay in the hospital's receipts; however, any prolonged interruption could adversely affect the hospital's ability to make timely payments on its financial obligations.

Despite the measures being taken, there is no assurance that the hospital's computer systems and equipment will operate properly prior to or after December 31, 1999. Improper operation of such systems, or of other systems not described above, could have an adverse impact upon the ability of the hospital to pay its debts as they become due.

The Colorado Travel and Tourism Authority has currently addressed the Year 2000 issues relating to its computer systems and other electronic equipment. The changes made include system upgrades and equipment replacements.

The Colorado Uninsurable Health Insurance Plan management has obtained a copy of the Year 2000 Project Milestones report developed by the Plan's third party administrator and is monitoring its progress.

Additional information as to the year 2000 issue related to component units can be obtained in the complete financial statements of the individual component units.

COMBINING, INDIVIDUAL FUND, AND ACCOUNT GROUP FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund is the principal operating fund of the state, and is used to account for all governmental financial resources and transactions not accounted for in another fund. Within the General Fund, the state accounts for a large number of legally segregated activities represented on the Combined Balance Sheet as "Reserved for Other Specific Purposes." The balance of net assets in the General Fund is not legally segregated and thus, represented on the Combined Balance Sheet as "Fund Balance Unreserved - Undesignated."

When it exists, the unreserved undesignated fund balance represents cumulative excess general purpose and augmenting revenues of the state. General-purpose revenues are revenues that are not designated for specific purposes. The following schedule shows the general-purpose revenues and the expenditures, by department, funded from those general-purpose revenues. The excess augmenting revenues shown represent revenues that were appropriated to support specific expenditures. These revenues in excess of their related expenditures close to undesignated fund balance.

While the following schedule is not a combining statement, it is presented to facilitate budgetary analysis of the General Fund. The purpose of this schedule is to identify the general fund balance available for appropriation. In order to identify that amount, encumbrances of the prior year are subtracted from the revised budget and the actual expenditure columns because they were considered expended in the prior year. In addition, encumbrances at the end of the current year are considered expenditures and are added to the actual column.

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN GENERAL FUND SURPLUS - GENERAL FUND BUDGET AND ACTUAL - BUDGETARY BASIS FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	ORIGINAL ESTIMATE/ BUDGET	REVISED ESTIMATE/ BUDGET	ACTUAL	REVERSIONS OF GENERAL FUND APPROPRIATION	EXCESS AUGMENTING REVENUE EARNED
REVENUES:					
Sales and Use Tax	$ 1,462,500	$ 1,542,100	$ 1,533,491		
Other Excise Taxes	94,100	93,400	94,369		
Individual Income Tax, net	3,205,100	3,298,600	3,326,705		
Corporate Income Tax, net	283,800	287,000	276,092		
Estate Tax	36,200	66,300	67,140		
Insurance Tax	119,600	113,100	117,867		
Parimutuel, Courts, and Other	67,800	46,500	59,876		
Interest Earnings	41,600	50,300	47,501		
Gaming	23,900	24,900	27,322		
Medicaid Provider Revenues	72,900	72,900	73,005		
TOTAL GENERAL PURPOSE REVENUES	5,407,500	5,595,100	5,623,368		
EXPENDITURES:					
Agriculture	7,952	7,941	7,675	$ 266	$ 8
Corrections	353,875	345,777	338,715	7,062	15
Education	1,914,489	1,914,427	1,914,294	133	12
Governor	3,154	7,472	7,388	84	43
Health Care Policy and Financing	871,533	880,305	891,319	(11,014)	3
Higher Education	676,533	676,533	676,449	84	-
Human Services	432,263	431,144	429,466	1,678	2,047
Judicial Branch	177,812	181,167	180,282	885	590
Law	10,931	10,118	9,144	974	159
Legislative Branch	24,883	24,795	23,062	1,733	-
Local Affairs	31,790	31,387	29,958	1,429	153
Military Affairs	4,155	4,108	3,874	234	-
Natural Resources	26,822	27,136	26,864	272	82
Personnel	17,163	17,061	15,245	1,816	28
Public Health and Environment	22,226	22,691	22,596	95	64
Public Safety	43,222	44,522	43,910	612	557
Regulatory Agencies	1,765	1,766	1,730	36	8
Revenue	162,834	164,586	155,222	9,364	74
Transportation	296	296	239	57	-
Treasury	31,654	31,522	31,470	52	-
Transfer to the Capital Construction Fund	468,297	470,179	470,179	-	-
Fiscal Year 1997-98 TABOR Refund	528,800	563,163	563,163	-	-
TOTAL GENERAL FUNDED EXPENDITURES	5,812,449	5,858,096	5,842,244	$ 15,852	$ 3,843
EXCESS GENERAL REVENUES OVER (UNDER) GENERAL FUNDED EXPENDITURES	(404,949)	(262,996)	(218,876)		
EXCESS AUGMENTING REVENUES	-	-	3,843		
BEGINNING GENERAL FUND SURPLUS	646,600	724,000	726,996		
Residual Equity Transfer-In (Out)	-	-	11		
Budgeted Non-GAAP Expenditures	-	-	2		
GAAP Revenues/Expenditures Not Budgeted	-	-	(579)		
(Increase)/Decrease in Long-Term Asset Reserve	-	-	285		
Budgeted (Increase) in Statutory 4 Percent Reserve Requirement	(10,700)	(11,100)	(11,144)		
Prior Period Adjustment	-	-	(2,900)		
ENDING GENERAL FUND SURPLUS	230,951	449,904	497,638		
Net Increase/(Decrease) in the Fair Value of Investments	-	-	(1,278)		
Shortfall in Statutory 4 Percent Reserve	187,700	188,100	183,274		
Fiscal Year 1998-99 TABOR Liability	(494,100)	(686,300)	(679,634)		
ENDING GAAP UNRESERVED FUND BALANCE	$ (75,449)	$ (48,296)	$ -		

SPECIAL REVENUE FUNDS

HIGHWAY	Expenditures of this fund are for the construction and maintenance of public highways, the operations of the State Patrol, and the motor vehicle related operations of the Department of Revenue. Revenues are from excise taxes on motor fuels, driver and vehicle registration fees, and other related taxes.
WILDLIFE	Expenditures of this fund are used to preserve the state's wildlife and promote outdoor recreational activities, while revenues are from hunting and fishing license fees as well as various fines.
LABOR	This fund accounts for injured workers' medical benefits provided by statutes that are not covered by workers' compensation benefits.
GAMING	This fund accounts for operations of the Colorado Gaming Commission and its oversight of gaming operations in the state. It also accounts for the preservation activities of the Colorado Historical Society related to the revenues it receives from gaming.
WATER PROJECTS	This fund accounts for construction loans made to enhance the water resources of the state.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 1999

(DOLLARS IN THOUSANDS)	HIGHWAY	WILDLIFE	LABOR	GAMING	WATER PROJECTS	TOTALS
ASSETS:						
Cash and Pooled Cash	$ 395,486	$ 92,070	$ 43,093	$ 82,670	$ 94,607	$ 707,926
Taxes Receivable, net	61,641	-	16,152	1	-	77,794
Other Receivables, net	1,156	4,309	1,527	53	7,230	14,275
Due From Other Governments	97,345	1,209	-	5	-	98,559
Due From Other Funds	6,682	1,668	412	7,856	208	16,826
Inventories	6,469	494	-	-	-	6,963
Prepaids, Advances, and Deferred Charges	65	291	-	1	-	357
Investments	-	-	101,309	-	-	101,309
Other Long-Term Assets	19,213	-	-	-	109,784	128,997
TOTAL ASSETS	$ 588,057	$ 100,041	$ 162,493	$ 90,586	$ 211,829	$ 1,153,006
LIABILITIES:						
Warrants Payable	$ 10,422	$ 7,733	$ 486	$ 550	$ 36	$ 19,227
Tax Refunds Payable	393	-	-	-	-	393
Accounts Payable and Accrued Liabilities	113,317	3,583	445	396	220	117,961
Due To Other Governments	44,444	-	-	16,142	-	60,586
Due To Other Funds	941	9	-	34,761	8,000	43,711
Deferred Revenue	8,105	17,850	-	523	-	26,478
Other Current Liabilities	-	-	11,500	-	-	11,500
Deposits Held In Custody For Others	22	-	-	11	-	33
TOTAL LIABILITIES	177,644	29,175	12,431	52,383	8,256	279,889
FUND EQUITY:						
Fund Balances:						
Reserved For:						
Encumbrances	666,441	-	-	-	-	666,441
Statutory Fund Residual	6,629	70,866	150,062	38,203	93,587	359,347
Long-Term Assets and Long-Term Receivables	19,213	-	-	-	109,986	129,199
Unreserved:						
Undesignated	(281,870)	-	-	-	-	(281,870)
TOTAL FUND EQUITY	410,413	70,866	150,062	38,203	203,573	873,117
TOTAL LIABILITIES AND FUND EQUITY	$ 588,057	$ 100,041	$ 162,493	$ 90,586	$ 211,829	$ 1,153,006

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES SPECIAL REVENUE FUNDS FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	HIGHWAY	WILDLIFE	LABOR	GAMING	WATER PROJECTS	TOTALS
REVENUES:						
Taxes	$ 666,797	$ -	$ 31,699	$ 74,218	$ -	$ 772,714
Licenses, Permits, and Fines	195,343	60,559	128	2,414	-	258,444
Charges for Goods and Services	8,689	2,552	-	409	3	11,653
Investment Income	15,028	4,259	1,874	1,507	9,339	32,007
Federal Grants and Contracts	337,573	10,872	-	112	-	348,557
Other	15,576	11,175	94	1	35	26,881
TOTAL REVENUES	1,239,006	89,417	33,795	78,661	9,377	1,450,256
EXPENDITURES:						
Current:						
General Government	6,038	-	-	-	-	6,038
Business, Community and Consumer Affairs	-	27	11,979	5,522	-	17,528
Education	-	-	-	6,572	-	6,572
Health and Rehabilitation	8,504	-	-	-	-	8,504
Justice	48,335	-	-	-	-	48,335
Natural Resources	-	64,010	-	-	1,494	65,504
Transportation	876,385	-	-	-	-	876,385
Capital Outlay	17,265	12,384	-	273	14	29,936
Intergovernmental:						
Cities	108,145	36	-	13,576	8,066	129,823
Counties	149,708	710	-	8,891	552	159,861
School Districts	-	3	-	431	-	434
Special Districts	12,987	16	-	-	-	13,003
Federal	-	472	-	-	14	486
Other	77	2,124	-	2,215	-	4,416
TOTAL EXPENDITURES	1,227,444	79,782	11,979	37,480	10,140	1,366,825
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	11,562	9,635	21,816	41,181	(763)	83,431
OTHER FINANCING SOURCES (USES):						
Operating Transfer-In	64,639	8,816	-	-	4,071	77,526
Operating Transfer-Out	(26,172)	(24,262)	(580)	(35,647)	(4,976)	(91,637)
Other	(30)	-	-	-	-	(30)
TOTAL OTHER FINANCING SOURCES (USES)	38,437	(15,446)	(580)	(35,647)	(905)	(14,141)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	49,999	(5,811)	21,236	5,534	(1,668)	69,290
FUND BALANCE, JULY 1	360,503	76,677	128,826	32,669	205,241	803,916
Net Residual Equity Transfers-In (Out)	(89)	-	-	-	-	(89)
FUND BALANCE, JUNE 30	$ 410,413	$ 70,866	$ 150,062	$ 38,203	$ 203,573	$ 873,117

ENTERPRISE FUNDS

These funds account for the self-sustaining operations of state agencies that provide a majority of their services to the public on a user charge basis. The major activities in these funds are:

GUARANTEED STUDENT LOAN	This fund records the activities of the Colorado Student Loan Division which guarantees loans made by private lending institutions, in compliance with operating agreements with the U.S. Department of Education, to students attending postsecondary schools. It also includes loan programs for Colorado residents that are not reinsured by the federal government.
STATE LOTTERY	This activity encompasses the lotto and the various lottery games the state runs under the authority of state statute. The net proceeds are used to support the Conservation Trust Fund, the Great Outdoors Colorado Trust Fund, and projects in the Department of Natural Resources.
BUSINESS ENTERPRISE PROGRAM	This activity comprises the food vending stands run by the visually impaired under supervision and guidance of the Department of Human Services.
STATE NURSING HOMES	This activity is for nursing home and retirement care provided to the elderly at the state facilities at Homelake, Florence, Rifle, and Trinidad.
PRISON CANTEENS	This activity accounts for the various canteen operations in the state's prison system.
CORRECTIONAL INDUSTRIES	This activity is for the production and sale of manufactured goods and farm products by convicted criminals who are incarcerated in the state prison system.
STATE FAIR AUTHORITY	The State Fair Authority operates the Colorado State Fair, and other events, at the state fairgrounds in Pueblo.
OTHER ENTERPRISE ACTIVITIES	The other enterprise activities of the state include employee parking operations, surplus property disposal, and miscellaneous canteen operations at various state institutions.

COMBINING BALANCE SHEET
ENTERPRISE FUNDS
JUNE 30, 1999

(DOLLARS IN THOUSANDS)	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES
ASSETS:				
Cash and Pooled Cash	$ 52,503	$ 22,113	$ 338	$ 2,799
Other Receivables, net	938	12,985	49	568
Due From Other Governments	11,340	-	43	431
Due From Other Funds	-	-	-	-
Inventories	108	1,641	8	281
Prepaids, Advances, and Deferred Charges	57	19	245	2
Investments	-	-	-	-
Property, Plant and Equipment, net	3,076	2,123	357	7,114
Other Long-Term Assets	-	-	-	-
TOTAL ASSETS	$ 68,022	$ 38,881	$ 1,040	$ 11,195
LIABILITIES:				
Warrants Payable	$ 1,794	$ 1,855	$ 22	$ 66
Accounts Payable and Accrued Liabilities	1,818	3,201	118	873
Due To Other Governments	11,562	18	-	-
Due To Other Funds	1	17,417	-	-
Deferred Revenue	-	465	-	17
Other Current Liabilities	2,286	13,687	48	100
Deposits Held In Custody For Others	-	-	-	-
Capital Lease Obligations	433	-	-	25
Notes and Bonds Payable	519	-	-	230
Accrued Compensated Absences	677	752	45	692
Other Long-Term Liabilities	-	110	-	-
TOTAL LIABILITIES	19,090	37,505	233	2,003
FUND EQUITY:				
Contributed Capital	15	-	-	7,156
Retained Earnings	48,917	1,376	807	2,036
TOTAL FUND EQUITY	48,932	1,376	807	9,192
TOTAL LIABILITIES AND FUND EQUITY	$ 68,022	$ 38,881	$ 1,040	$ 11,195

PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ 3,429	$ 4,737	$ 1,210	$ 1,256	$ 88,385
298	1,083	65	50	16,036
-	161	-	27	12,002
22	321	-	4	347
324	8,999	56	772	12,189
1	7	220	1	552
-	-	243	-	243
1,491	7,577	8,855	4,217	34,810
-	713	74	-	787
$ 5,565	$ 23,598	$ 10,723	$ 6,327	$ 165,351
$ 214	$ 1,010	$ 104	$ 82	$ 5,147
284	1,384	176	177	8,031
-	-	-	-	11,580
-	124	-	1	17,543
-	-	1,189	462	2,133
-	312	157	-	16,590
2	-	32	3	37
-	370	386	1	1,215
-	-	1,963	-	2,712
65	627	42	76	2,976
-	-	-	-	110
565	3,827	4,049	802	68,074
-	6,559	8,003	2,454	24,187
5,000	13,212	(1,329)	3,071	73,090
5,000	19,771	6,674	5,525	97,277
$ 5,565	$ 23,598	$ 10,723	$ 6,327	$ 165,351

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY ENTERPRISE FUNDS FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM	STATE NURSING HOMES
OPERATING REVENUES:				
Licenses and Permits	$ -	$ 47	$ -	$ -
Charges for Goods and Services	15,051	368,407	667	12,901
Investment and Rental Income	2,931	-	-	-
Federal Grants and Contracts	60,954	-	-	5,134
Other	50	358	4	17
TOTAL OPERATING REVENUES	78,986	368,812	671	18,052
OPERATING EXPENSES:				
Salaries & Fringe Benefits	11,575	7,087	586	13,537
Operating and Travel	56,370	41,435	704	2,986
Cost of Goods Sold	-	11,748	-	-
Depreciation	683	446	182	495
Intergovernmental Distributions	-	-	-	1,484
Prizes and Awards	-	224,941	-	-
TOTAL OPERATING EXPENSES	68,628	285,657	1,472	18,502
OPERATING INCOME (LOSS)	10,358	83,155	(801)	(450)
NON-OPERATING REVENUES AND (EXPENSES):				
Fines	-	-	1	-
Investment and Rental Income	-	1,650	13	153
Donations	-	-	-	7
Intergovernmental Distributions	-	(42,324)	-	-
Federal Grants and Contracts	-	-	642	-
Debt Service	-	-	-	(33)
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	(40,674)	656	127
INCOME (LOSS) BEFORE OPERATING TRANSFERS	10,358	42,481	(145)	(323)
OPERATING TRANSFERS:				
Operating Transfer-In	-	-	-	228
Operating Transfer-Out	(206)	(42,642)	-	(96)
TOTAL OPERATING TRANSFERS	(206)	(42,642)	-	132
NET INCOME/CHANGE IN RETAINED EARNINGS	10,152	(161)	(145)	(191)
FUND EQUITY, JULY 1	38,780	1,537	952	9,343
Additions (Deductions) to Contributed Capital	-	-	-	40
FUND EQUITY, JUNE 30	$ 48,932	$ 1,376	$ 807	$ 9,192

PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ -	$ -	$ -	$ -	$ 47
8,783	28,055	5,233	2,214	441,311
-	-	-	234	3,165
-	-	-	1,062	67,150
32	449	-	3	913
8,815	28,504	5,233	3,513	512,586
845	6,797	3,241	1,071	44,739
1,429	5,866	3,319	1,268	113,377
5,160	14,071	-	265	31,244
48	895	815	33	3,597
-	-	-	1,027	2,511
-	-	558	-	225,499
7,482	27,629	7,933	3,664	420,967
1,333	875	(2,700)	(151)	91,619
-	-	-	-	1
29	55	529	134	2,563
-	-	1,619	59	1,685
-	-	-	-	(42,324)
-	-	-	-	642
-	-	-	-	(33)
29	55	2,148	193	(37,466)
1,362	930	(552)	42	54,153
-	96	-	48	372
(1,667)	(457)	-	(137)	(45,205)
(1,667)	(361)	-	(89)	(44,833)
(305)	569	(552)	(47)	9,320
5,305	19,202	5,352	5,572	86,043
-	-	1,874	-	1,914
$ 5,000	$ 19,771	$ 6,674	$ 5,525	$ 97,277

COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Fees for Service	$ 5,294	$ -	$ 417
Sales of Products	-	171,946	646
Grants and Contracts	67,855	-	606
Other Sources	119	3,073	3
Cash Payments to:			
Employees	(9,209)	(6,999)	(424)
Suppliers	(7,585)	(25,465)	(975)
Lottery Prizes and Sales Commissions	(2,743)	(63,630)	-
Financial Institutions for Loan Losses	(41,110)	-	-
Other Governments	(1,582)	-	(237)
Other	(8,579)	-	(6)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,460	78,925	30
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	-	-	-
Transfers-Out	(206)	(43,546)	-
Intergovernmental Distributions	-	(41,564)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(206)	(85,110)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(711)	(275)	(34)
Proceeds from Sale of Capital Assets	-	-	-
Income from Property	-	-	-
Proceeds from Issuance of Capital Debt	-	-	-
Principal Paid on Capital Debt	-	-	-
Interest Payments		-	-
Capital Lease Payments	-	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(711)	(275)	(34)

(Continued)

STATE NURSING HOMES	PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
$ 13,155	$ -	$ 2,992	$ 3,982	$ 743	$ 26,583
37	8,147	26,717	81	1,488	209,062
49	-	-	-	-	68,510
5,251	467	751	1,790	73	11,527
(12,998)	(831)	(6,654)	(1,470)	(944)	(39,529)
(3,440)	(6,380)	(21,676)	(4,166)	(1,447)	(71,134)
-	-	-	-	-	(66,373)
-	-	-	-	-	(41,110)
(1,273)	-	-	(74)	-	(3,166)
-	-	5	(58)	3	(8,635)
781	1,403	2,135	85	(84)	85,735
278	-	96	-	48	422
(96)	(1,667)	(457)	-	(137)	(46,109)
-	-	-	-	-	(41,564)
182	(1,667)	(361)	-	(89)	(87,251)
(524)	(966)	(1,211)	(294)	(42)	(4,057)
-	-	-	22	-	22
4	-	4	505	208	721
24	-	-	27	-	51
(90)	-	-	(188)	-	(278)
(42)	-	(68)	(187)	(2)	(299)
-	-	(154)	45	-	(109)
(628)	(966)	(1,429)	(70)	164	(3,949)

COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 1999 (Continued)

(DOLLARS IN THOUSANDS)	GUARANTEED STUDENT LOAN	STATE LOTTERY	BUSINESS ENTERPRISE PROGRAM
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	2,936	1,685	12
Purchases of Investments	-	-	-
NET CASH FROM INVESTING ACTIVITIES	2,936	1,685	12
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,479	(4,775)	8
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	48,024	26,888	330
CASH AND POOLED CASH, FISCAL YEAR END	$ 52,503	$ 22,113	$ 338
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 10,358	$ 83,155	$ (801)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	683	446	182
Investment/Rental Income and Interest Expense in Operating Income	(2,931)	-	-
Fines, Donations, and Grants and Contracts in Non-Operating	-	-	643
Loss on Disposal of Fixed Assets	29		10
Net Changes in Assets and Liabilities Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	(2,180)	2,320	(39)
(Increase) Decrease in Inventories	(17)	(247)	18
(Increase) Decrease in Other Operating Assets	(43)	14	(13)
Increase (Decrease) in Accounts Payable	2,937	(2,103)	17
Increase (Decrease) in Accrued Compensated Absences	14	65	8
Increase (Decrease) in Other Operating Liabilities	(6,390)	(4,725)	5
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,460	78,925	30

STATE NURSING HOMES	PRISON CANTEENS	CORRECTIONAL INDUSTRIES	STATE FAIR AUTHORITY	OTHER ENTERPRISE ACTIVITIES	TOTALS
149	28	51	55	(36)	4,880
-	-	-	(242)	-	(242)
149	28	51	(187)	(36)	4,638
484	(1,202)	396	(172)	(45)	(827)
2,315	4,631	4,341	1,382	1,301	89,212
$ 2,799	$ 3,429	$ 4,737	$ 1,210	$ 1,256	$ 88,385
$ (450)	$ 1,333	$ 875	$ (2,700)	$ (151)	$ 91,619
495	48	895	815	33	3,597
-	-	120	192	(232)	(2,851)
7	-	-	1,619	59	2,328
1	-	-	-	-	40
155	(26)	310	178	69	787
(11)	49	(609)	9	(47)	(855)
(7)	12	49	350	(3)	359
542	(27)	516	91	155	2,128
27	14	(9)	6	10	135
22	-	(12)	(475)	23	(11,552)
781	1,403	2,135	85	(84)	85,735


STATE · OF · COLORADO
UNION AND CONSTITUTION
NIL SINE NUMINE
1876

INTERNAL SERVICE FUNDS

CENTRAL SERVICES	This fund accounts for the sales of goods and services to other state agencies. The sales items include mail services, printing, quick copy, graphic design, microfilming and motor pool.
GENERAL GOVERNMENT COMPUTER CENTER	This fund accounts for computer services sold to other state agencies.
TELECOMMUNICATIONS	This fund accounts for telecommunications services sold to other state agencies.
STATE EMPLOYEES AND OFFICIALS INSURANCE	This fund accounts for the self-insured health insurance for state employees and officials and for the life and dental insurance programs offered by the state.
HIGHWAYS	This fund is used to account for the operations of the Department of Transportation print shop.
PUBLIC SAFETY	This fund accounts for aircraft rental to state agencies by the Department of Public Safety.
CAPITOL COMPLEX	This fund accounts for the cost and income of state office space in the Capitol area.
ADMINISTRATIVE HEARINGS	This fund accounts for the operations of the Administrative Hearings Division in the Department of Personnel.

COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
JUNE 30, 1999

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS	STATE EMPLOYEES AND OFFICIALS INSURANCE	HIGHWAYS
ASSETS:					
Cash and Pooled Cash	$ 3,249	$ 538	$ -	$ 28,947	$ 1,511
Other Receivables, net	46	1	-	2,387	2
Due From Other Governments	-	-	27	-	-
Due From Other Funds	76	-	3	-	5
Inventories	198	46	2	-	340
Prepaids, Advances, and Deferred Charges	13	108	-	20	-
Property, Plant and Equipment, net	39,895	2,183	12,863	-	506
TOTAL ASSETS	$ 43,477	$ 2,876	$ 12,895	$ 31,354	$ 2,364
LIABILITIES:					
Warrants Payable	$ 813	$ 91	$ 7	$ 1,711	$ 93
Accounts Payable and Accrued Liabilities	1,982	164	2,525	3,329	85
Due To Other Funds	7	-	1,069	-	-
Deferred Revenue	544	-	-	9,125	-
Other Current Liabilities	10,924	-	-	13,536	-
Capital Lease Obligations	26,311	-	-	-	-
Accrued Compensated Absences	228	370	77	54	-
Other Long-Term Liabilities	-	-	-	44	-
TOTAL LIABILITIES	40,809	625	3,678	27,799	178
FUND EQUITY:					
Contributed Capital	-	127	7,127	-	1,195
Retained Earnings	2,668	2,124	2,090	3,555	991
TOTAL FUND EQUITY	2,668	2,251	9,217	3,555	2,186
TOTAL LIABILITIES AND FUND EQUITY	$ 43,477	$ 2,876	$ 12,895	$ 31,354	$ 2,364

PUBLIC SAFETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
$ 142	$ 873	$ 184	$ 35,444
13	-	2	2,451
-	-	-	27
-	-	1	85
-	75	-	661
-	-	27	168
473	135	5	56,060
$ 628	$ 1,083	$ 219	$ 94,896
$ -	$ 128	$ 6	$ 2,849
11	484	52	8,632
-	-	-	1,076
-	-	-	9,669
-	-	-	24,460
-	-	-	26,311
-	167	222	1,118
-	-	-	44
11	779	280	74,159
465	-	-	8,914
152	304	(61)	11,823
617	304	(61)	20,737
$ 628	$ 1,083	$ 219	$ 94,896

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY INTERNAL SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS	STATE EMPLOYEES AND OFFICIALS INSURANCE
OPERATING REVENUES:				
Charges for Goods and Services	$ 35,885	$ 11,498	$ 8,004	$ 120,791
Investment and Rental Income	-	-	-	1,270
Other	-	-	1	-
TOTAL OPERATING REVENUES	35,885	11,498	8,005	122,061
OPERATING EXPENSES:				
Salaries & Fringe Benefits	4,637	5,336	889	3,432
Operating and Travel	12,116	6,712	6,884	119,030
Cost of Goods Sold	5,018	-	-	-
Depreciation	10,964	686	1,025	-
TOTAL OPERATING EXPENSES	32,735	12,734	8,798	122,462
OPERATING INCOME (LOSS)	3,150	(1,236)	(793)	(401)
NON-OPERATING REVENUES AND (EXPENSES):				
Fines	-	-	-	569
Interest and Rents	-	-	-	13
Debt Service	(1,677)	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(1,677)	-	-	582
INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,473	(1,236)	(793)	181
OPERATING TRANSFERS:				
Operating Transfer-In	396	-	-	-
Operating Transfer-Out	(1,779)	(626)	(16)	(199)
TOTAL OPERATING TRANSFERS	(1,383)	(626)	(16)	(199)
NET INCOME/CHANGE IN RETAINED EARNINGS	90	(1,862)	(809)	(18)
FUND EQUITY, JULY 1	2,578	4,113	10,026	3,573
Additions (Deductions) to Contributed Capital	-	-	-	-
FUND EQUITY, JUNE 30	$ 2,668	$ 2,251	$ 9,217	$ 3,555

HIGHWAYS	PUBLIC SAFTETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
$ 3,003	$ 172	$ -	$ 2,984	$ 182,337
-	-	5,199	-	6,469
-	10	19	5	35
3,003	182	5,218	2,989	188,841
964	267	2,610	2,332	20,467
1,721	108	3,328	461	150,360
-	-	-	-	5,018
-	40	5	3	12,723
2,685	415	5,943	2,796	188,568
318	(233)	(725)	193	273
-	-	6	-	575
(10)	-	-	-	3
-	-	-	-	(1,677)
(10)	-	6	-	(1,099)
308	(233)	(719)	193	(826)
-	306	-	-	702
-	-	(275)	(148)	(3,043)
-	306	(275)	(148)	(2,341)
308	73	(994)	45	(3,167)
1,789	44	1,298	(106)	23,315
89	500	-	-	589
$ 2,186	$ 617	$ 304	$ (61)	$ 20,737

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from:			
Fees for Service	$ 813	$ 11,452	$ -
Sales of Products	35,403	-	8,087
Other Sources	-	-	-
Cash Payments to:			
Employees	(4,309)	(4,551)	(883)
Suppliers	(17,223)	(7,799)	(6,345)
Health Claims and Premiums	-	-	-
Other	(115)	-	13
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,569	(898)	872
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers-In	396	-	-
Transfers-Out	(1,779)	(626)	(16)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(1,383)	(626)	(16)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of Capital Assets	(983)	(199)	(799)
Proceeds from Sale of Capital Assets	-	-	6
Income from Property	-	-	-
Interest Payments	(1,566)	-	(63)
Capital Lease Payments	(8,627)	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(11,176)	(199)	(856)

(Continued)

STATE EMPLOYEES AND OFFICIALS INSURANCE	HIGHWAYS	PUBLIC SAFTETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
$ 121,860	$ 1,646	$ 172	$ 14	$ 2,990	$ 138,947
-	1,262	-	-	-	44,752
21,942	-	-	6	-	21,948
(418)	(962)	(267)	(2,426)	(2,345)	(16,161)
(24,138)	(1,585)	(112)	(3,366)	(492)	(61,060)
(118,611)	-	-	-	-	(118,611)
-	-	-	-	-	(102)
635	361	(207)	(5,772)	153	9,713
-	-	306	-	-	702
(199)	-	-	(275)	(148)	(3,043)
(199)	-	306	(275)	(148)	(2,341)
-	(5)	-	(22)	-	(2,008)
-	88	-	-	-	94
-	-	-	5,219	-	5,219
-	-	-	-	-	(1,629)
-	-	-	-	-	(8,627)
-	83	-	5,197	-	(6,951)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 1999 (Continued)

(DOLLARS IN THOUSANDS)	CENTRAL SERVICES	GENERAL GOVERNMENT COMPUTER CENTER	TELECOM-MUNICATIONS
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest and Dividends on Investments	-	-	-
NET CASH FROM INVESTING ACTIVITIES	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,010	(1,723)	-
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	1,239	2,261	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 3,249	$ 538	$ -
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ 3,150	$ (1,236)	$ (793)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Depreciation and Amortization	10,964	686	1,025
Investment/Rental Income and Interest Expense in Operating Income	55	-	63
Fines, Donations, and Grants and Contracts in Non-Operating	-	-	-
Net Changes in Assets and Liabilities Related to Operating Activities:			
(Increase) Decrease in Operating Receivables	197	2	(3)
(Increase) Decrease in Inventories	72	-	1
(Increase) Decrease in Other Operating Assets	5	-	-
Increase (Decrease) in Accounts Payable	(158)	(451)	589
Increase (Decrease) in Accrued Compensated Absences	(38)	101	(10)
Increase (Decrease) in Other Operating Liabilities	322	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,569	(898)	872

STATE EMPLOYEES AND OFFICIALS INSURANCE	HIGHWAYS	PUBLIC SAFTETY	CAPITOL COMPLEX	ADMINISTRATIVE HEARINGS	TOTALS
1,283	(10)	-	-	-	1,273
1,283	(10)	-	-	-	1,273
1,719	434	99	(850)	5	1,694
27,228	1,077	43	1,723	179	33,750
$ 28,947	$ 1,511	$ 142	$ 873	$ 184	$ 35,444
$ (401)	$ 318	$ (233)	$ (725)	$ 193	$ 273
-	-	40	5	3	12,723
(1,270)	-	-	(5,199)	-	(6,351)
569	-	-	6	-	575
(1,909)	(4)	-	15	4	(1,698)
-	(50)	-	(13)	-	10
46	-	-	-	(26)	25
(2)	97	(14)	147	46	254
9	-	-	(8)	(67)	(13)
3,593	-	-	-	-	3,915
635	361	(207)	(5,772)	153	9,713

TRUST AND AGENCY FUNDS

The Trust and Agency Funds are used to account for assets held by the state in a fiduciary capacity. The major components of these are:

EXPENDABLE TRUST FUNDS

UNEMPLOYMENT INSURANCE	This fund accounts for the collection of unemployment insurance premiums from employers and the payment of unemployment benefits to eligible claimants.
STATE TREASURER	This fund is used to record various trust items managed by the state treasurer's office, principally, escheat accounts, unclaimed property and unclaimed insurance moneys.
SEVERANCE TAX	This fund accounts for taxes received by the state on the extraction of nonrenewable natural resources.
LAND BOARD	This fund accounts for the disposition of revenues from state land, surface leases, and oil and timber sales.
VICTIMS COMPENSATION	This fund accounts for money received as a surcharge on fines levied in state courts and distributed for the benefit of crime victims.
CONSERVATION TRUST	This fund accounts for money transferred from other state sources and distributed to local governments for the enhancement of parks, open space, and citizen recreation.
DEFERRED COMPENSATION	This fund accounts for state employee compensation that has been tax deferred under an Internal Revenue Code 457 plan.

AGENCY FUNDS

These funds are held in custody for others. Major items include litigation settlement escrow accounts, contractor's performance escrow accounts, sales taxes collected for cities and counties, deposits held to insure land restoration by mining and oil exploration companies, and assets held for a water and power authority.

NONEXPENDABLE TRUST FUNDS

STATE LANDS	This fund consists of the assets, liabilities, and related operations of lands granted to the state by the federal government for educational purposes.
CONTROLLED MAINTENANCE	This fund holds resources dedicated to maintaining the state's capital assets.

INVESTMENT TRUST FUND

The state treasurer uses the investment trust fund to account for purchases and sales of investments as well as income and changes in fair value of investments owned by the Colorado Compensation Insurance Authority.

PENSION TRUST FUND

The state provides a defined contribution retirement plan for selected employees – primarily elected officials. The pension trust fund is used to account for the assets, liabilities, and changes in net assets arising from the contributions and benefits payable to participants in the plan.

COMBINING BALANCE SHEET
FIDUCIARY FUND TYPES
JUNE 30, 1999

(DOLLARS IN THOUSANDS)	EXPENDABLE TRUST	AGENCY	NON-EXPENDABLE TRUST	INVESTMENT TRUST	PENSION TRUST	TOTALS
ASSETS:						
Cash and Pooled Cash	$ 793,028	$ 250,926	$ 61,221	$ 19,122	$ -	$ 1,124,297
Taxes Receivable, net	43,072	75,953	-	-	-	119,025
Other Receivables, net	15,548	327	3,621	9,124	-	28,620
Due From Other Governments	980	-	-	-	-	980
Due From Other Funds	30,992	15,268	141	-	-	46,401
Inventories	7	2	-	-	-	9
Prepaids, Advances, and Deferred Charges	3	-	28	-	-	31
Investments	3,332	65	505,268	633,859	420	1,142,944
Property, Plant and Equipment, net	4,533	-	7,517	-	-	12,050
Rights Under Deferred Compensation	327,316	-	-	-	-	327,316
Other Long-Term Assets	-	14,282	646	-	-	14,928
TOTAL ASSETS	$ 1,218,811	$ 356,823	$ 578,442	$ 662,105	$ 420	$ 2,816,601
LIABILITIES:						
Warrants Payable	$ 5,339	$ 757	$ -	$ -	$ -	$ 6,096
Tax Refunds Payable	-	378	-	-	-	378
Accounts Payable and Accrued Liabilities	24,580	166	-	-	1	24,747
Due To Other Governments	7,007	139,004	-	-	-	146,011
Due To Other Funds	3,541	4,025	237	-	20	7,823
Deferred Revenue	4,532	-	-	-	-	4,532
Other Current Liabilities	8,129	1,832	-	-	-	9,961
Deposits Held In Custody For Others	825	208,078	-	-	-	208,903
Capital Lease Obligations	89	-	-	-	-	89
Accrued Compensated Absences	203	-	-	-	-	203
Other Long-Term Liabilities	1,463	2,583	-	-	-	4,046
TOTAL LIABILITIES	55,708	356,823	237	-	21	412,789
FUND EQUITY:						
Fund Balances:						
Reserved For:						
Statutory Fund Residual	1,155,103	-	331,474	662,105	420	2,149,102
Long-Term Assets and Long-Term Receivables	8,000	-	-	-	-	8,000
Statutorily Specified Amounts	-	-	217,302	-	-	217,302
Unreserved:						
Designated	-	-	29,429	-	-	29,429
Undesignated	-	-	-	-	(21)	(21)
TOTAL FUND EQUITY	1,163,103	-	578,205	662,105	399	2,403,812
TOTAL LIABILITIES AND FUND EQUITY	$ 1,218,811	$ 356,823	$ 578,442	$ 662,105	$ 420	$ 2,816,601

COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS
JUNE 30, 1999

(DOLLARS IN THOUSANDS)

	UNEMPLOYMENT INSURANCE	STATE TREASURER	SEVERANCE TAX FUND	LAND BOARD
ASSETS:				
Cash and Pooled Cash	$ 701,502	$ 14,368	$ 38,743	$ 128
Taxes Receivable, net	43,072	-	-	-
Other Receivables, net	10,862	-	-	3,414
Due From Other Governments	980	-	-	-
Due From Other Funds	26	13,861	10,002	-
Inventories	-	-	-	-
Prepaids, Advances, and Deferred Charges	-	-	-	-
Investments	-	-	-	-
Property, Plant and Equipment, net	-	-	-	-
Rights Under Deferred Compensation	-	-	-	-
TOTAL ASSETS	$ 756,442	$ 28,229	$ 48,745	$ 3,542
LIABILITIES:				
Warrants Payable	$ 4,257	$ 778	$ -	$ -
Accounts Payable and Accrued Liabilities	134	23,860	-	2
Due To Other Governments	-	-	-	7
Due To Other Funds	-	-	-	3,428
Deferred Revenue	-	-	-	-
Other Current Liabilities	8,126	-	-	-
Deposits Held In Custody For Others	-	-	-	-
Capital Lease Obligations	-	-	-	-
Accrued Compensated Absences	-	-	-	-
Other Long-Term Liabilities	-	1,463	-	-
TOTAL LIABILITIES	12,517	26,101	-	3,437
FUND EQUITY:				
Fund Balances:				
Reserved For:				
Statutory Fund Residual	743,925	2,128	40,745	105
Long-Term Assets and Long-Term Receivables	-	-	8,000	-
TOTAL FUND EQUITY	743,925	2,128	48,745	105
TOTAL LIABILITIES AND FUND EQUITY	$ 756,442	$ 28,229	$ 48,745	$ 3,542

VICTIMS COMPENSATION	CONSERVATION TRUST FUND	DEFERRED COMPENSATION PLAN	OTHER EXPENDABLE TRUSTS	TOTALS
$ 11,387	$ 7	$ 321	$ 26,572	$ 793,028
-	-	-	-	43,072
-	-	91	1,181	15,548
-	-	-	-	980
-	7,000	103	-	30,992
-	-	-	7	7
-	-	-	3	3
-	-	-	3,332	3,332
-	-	-	4,533	4,533
-	-	327,316	-	327,316
$ 11,387	$ 7,007	$ 327,831	$ 35,628	$ 1,218,811
$ -	$ 3	$ 12	$ 289	$ 5,339
-	-	134	450	24,580
-	7,000	-	-	7,007
-	-	103	10	3,541
-	-	-	4,532	4,532
-	-	-	3	8,129
-	-	-	825	825
-	-	-	89	89
-	-	15	188	203
-	-	-	-	1,463
-	7,003	264	6,386	55,708
11,387	4	327,567	29,242	1,155,103
-	-	-	-	8,000
11,387	4	327,567	29,242	1,163,103
$ 11,387	$ 7,007	$ 327,831	$ 35,628	$ 1,218,811

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES EXPENDABLE TRUST FUNDS FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)

	UNEMPLOYMENT INSURANCE	STATE TREASURER	SEVERANCE TAX FUND	LAND BOARD
REVENUES:				
Taxes	$ 179,197	$ -	$ 16,377	$ -
Licenses, Permits, and Fines	-	-	-	-
Charges for Goods and Services	-	-	-	206
Investment Income	43,422	(29)	(257)	19,675
Federal Grants and Contracts	6,645	5,045	-	-
Other	152	13,063	-	11,231
TOTAL REVENUES	229,416	18,079	16,120	31,112
EXPENDITURES:				
Current:				
General Government	-	812	-	2
Business, Community and Consumer Affairs	157,627	-	-	-
Education	-	-	-	-
Health and Rehabilitation	-	-	-	-
Justice	-	-	-	-
Natural Resources	-	-	-	-
Social Assistance	-	-	-	-
Capital Outlay	-	-	-	-
Intergovernmental:				
Cities	-	-	-	-
Counties	-	5,045	-	8
School Districts	-	-	-	-
Special Districts	-	-	-	-
Other	-	-	-	-
Deferred Compensation Distributions	-	-	-	-
Debt Service	-	-	-	-
TOTAL EXPENDITURES	157,627	5,857	-	10
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	71,789	12,222	16,120	31,102
OTHER FINANCING SOURCES (USES):				
Operating Transfer-In	-	126	-	123
Operating Transfer-Out	-	(12,191)	(3,015)	(31,362)
TOTAL OTHER FINANCING SOURCES (USES)	-	(12,065)	(3,015)	(31,239)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	71,789	157	13,105	(137)
FUND BALANCE, JULY 1	672,136	1,971	35,640	242
Prior Period Adjustment	-	-	-	-
FUND BALANCE, JUNE 30	$ 743,925	$ 2,128	$ 48,745	$ 105

VICTIMS COMPENSATION	CONSERVATION TRUST FUND	DEFERRED COMPENSATION PLAN	OTHER EXPENDABLE TRUSTS	TOTALS
$ -	$ -	$ -	$ -	$ 195,574
18,214	-	-	5,923	24,137
-	-	701	136	1,043
-	19	40,367	1,058	104,255
-	-	-	882	12,572
991	-	13,405	1,063	39,905
19,205	19	54,473	9,062	377,486
-	-	730	973	2,517
-	-	-	114	157,741
-	-	-	321	321
-	-	-	446	446
-	-	-	3,913	3,913
-	-	-	419	419
-	-	-	12	12
-	-	-	191	191
-	22,213	-	183	22,396
-	7,635	-	201	12,889
-	185	-	-	185
-	3,863	-	-	3,863
18,078	-	-	-	18,078
-	-	14,511	-	14,511
-	-	-	56	56
18,078	33,896	15,241	6,829	237,538
1,127	(33,877)	39,232	2,233	139,948
-	33,859	-	101	34,209
(1,116)	-	(7)	(213)	(47,904)
(1,116)	33,859	(7)	(112)	(13,695)
11	(18)	39,225	2,121	126,253
11,376	22	-	27,456	748,843
-	-	288,342	(335)	288,007
$ 11,387	$ 4	$ 327,567	$ 29,242	$ 1,163,103

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
DEPARTMENT OF REVENUE AGENCY FUNDS:				
ASSETS AND OTHER DEBITS:				
Cash and Pooled Cash	$ 57,832	$ 1,391,698	$ 1,385,243	$ 64,287
Taxes Receivable, net	75,553	27,847	27,447	75,953
Due From Other Funds	-	6,273	-	6,273
TOTAL ASSETS	$ 133,385	$ 1,425,818	$ 1,412,690	$ 146,513
LIABILITIES:				
Warrants Payable	$ 1,435	$ -	$ 830	$ 605
Tax Refunds Payable	237	141	-	378
Due To Other Governments	117,373	1,978,179	1,956,720	138,832
Due To Other Funds	5,153	95,200	96,350	4,003
Other Current Liabilities	140	3,117	3,113	144
Deposits Held In Custody For Others	157	-	189	(32)
Other Long-Term Liabilities	8,890	1	6,308	2,583
TOTAL LIABILITIES	$ 133,385	$ 2,076,638	$ 2,063,510	$ 146,513
DEPARTMENT OF TREASURY AGENCY FUNDS:				
ASSETS:				
Cash and Pooled Cash	$ 127,247	$ 110,399	$ 126,450	$ 111,196
Due From Other Funds	1,476	10,227	2,953	8,750
Investments	-	723	723	-
TOTAL ASSETS	$ 128,723	$ 121,349	$ 130,126	$ 119,946
LIABILITIES:				
Accounts Payable and Accrued Liabilities	$ -	155	$ 155	-
Due To Other Governments	1,476	1,476	2,952	-
Deposits Held In Custody For Others	127,247	112,101	119,402	119,946
TOTAL LIABILITIES	$ 128,723	$ 113,732	$ 122,509	$ 119,946

(Continued)

	BALANCE JULY 1	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30
OTHER AGENCY FUNDS:				
ASSETS:				
Cash and Pooled Cash	$ 60,239	$ 54,079	$ 38,875	$ 75,443
Other Receivables, net	148	63	(116)	327
Due From Other Funds	348	509	612	245
Inventories	11	179	188	2
Investments	744	-	679	65
Other Long-Term Assets	14,152	1,689	1,559	14,282
TOTAL ASSETS	$ 75,642	$ 56,519	$ 41,797	$ 90,364
LIABILITIES:				
Warrants Payable	$ 57	$ 3	$ (92)	$ 152
Accounts Payable and Accrued Liabilities	190	1,934	1,958	166
Due To Other Governments	166	176	170	172
Due To Other Funds	20	22	20	22
Other Current Liabilities	1,854	454	620	1,688
Deposits Held In Custody For Others	73,355	39,215	24,406	88,164
TOTAL LIABILITIES	$ 75,642	$ 41,804	$ 27,082	$ 90,364
TOTALS - ALL AGENCY FUNDS:				
ASSETS:				
Cash and Pooled Cash	$ 245,351	$ 1,556,176	$ 1,550,601	$ 250,926
Taxes Receivable, net	75,553	27,847	27,447	75,953
Other Receivables, net	148	63	(116)	327
Due From Other Funds	1,824	17,009	3,565	15,268
Inventories	11	179	188	2
Investments	744	723	1,402	65
Rights Under Deferred Compensation	288,085	-	288,085	-
Other Long-Term Assets	14,152	1,689	1,559	14,282
TOTAL ASSETS	$ 625,868	$ 1,603,686	$ 1,872,731	$ 356,823
LIABILITIES:				
Warrants Payable	$ 1,492	$ 3	$ 738	757
Tax Refunds Payable	237	141	-	378
Accounts Payable and Accrued Liabilities	209	2,089	2,132	166
Due To Other Governments	119,015	1,979,831	1,959,842	139,004
Due To Other Funds	5,265	95,222	96,462	4,025
Other Current Liabilities	1,994	3,571	3,733	1,832
Deposits Held In Custody For Others	200,759	151,316	143,997	208,078
Obligations Under Deferred Compensation	288,007	-	288,007	-
Other Long-Term Liabilities	8,890	1	6,308	2,583
TOTAL LIABILITIES	$ 625,868	$ 2,232,174	$ 2,501,219	$ 356,823

COMBINING BALANCE SHEET
NONEXPENDABLE TRUST FUNDS
JUNE 30, 1999

(DOLLARS IN THOUSANDS)	STATE LANDS	CONTROLLED MAINTENANCE	OTHER	TOTALS
ASSETS:				
Cash and Pooled Cash	$ 8,733	$ 51,957	$ 531	$ 61,221
Other Receivables, net	695	2,926	-	3,621
Due From Other Funds	131	-	10	141
Prepaids, Advances, and Deferred Charges	28	-	-	28
Investments	282,235	223,033	-	505,268
Property, Plant and Equipment, net	7,517	-	-	7,517
Other Long-Term Assets	646	-	-	646
TOTAL ASSETS	$ 299,985	$ 277,916	$ 541	$ 578,442
LIABILITIES:				
Due To Other Funds	$ -	$ 237	$ -	$ 237
TOTAL LIABILITIES	-	237	-	237
FUND EQUITY:				
Fund Balances:				
Reserved For:				
Statutory Fund Residual	299,985	30,948	541	331,474
Statutorily Specified Amounts	-	217,302	-	217,302
Unreserved:				
Designated	-	29,429	-	29,429
TOTAL FUND EQUITY	299,985	277,679	541	578,205
TOTAL LIABILITIES AND FUND EQUITY	$ 299,985	$ 277,916	$ 541	$ 578,442

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY NONEXPENDABLE TRUST FUNDS FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	STATE LANDS	CONTROLLED MAINTENANCE	OTHER	TOTALS
OPERATING REVENUES:				
Investment and Rental Income	$ 990	$ 11,625	$ (25)	$ 12,590
Other	-	31	-	31
TOTAL OPERATING REVENUES	990	11,656	(25)	12,621
OPERATING INCOME (LOSS)	990	11,656	(25)	12,621
OPERATING TRANSFERS:				
Operating Transfer-In	763	-	-	763
Operating Transfer-Out	(1,601)	(17,625)	(32)	(19,258)
TOTAL OPERATING TRANSFERS	(838)	(17,625)	(32)	(18,495)
NET INCOME/CHANGE IN RETAINED EARNINGS	152	(5,969)	(57)	(5,874)
FUND EQUITY, JULY 1	299,833	283,648	598	584,079
FUND EQUITY, JUNE 30	$ 299,985	$ 277,679	$ 541	$ 578,205

COMBINING STATEMENT OF CASH FLOWS
NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 1999

(DOLLARS IN THOUSANDS)	STATE LANDS	CONTROLLED MAINTENANCE	OTHER	TOTALS
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers-In	768	60	-	828
Transfers-Out	(1,600)	(17,388)	-	(18,988)
Deposits Held in Custody	-	-	(17,675)	(17,675)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(832)	(17,328)	(17,675)	(35,835)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Income from Property	7,581	-	-	7,581
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	7,581	-	-	7,581
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest and Dividends on Investments	37	17,345	10,344	27,726
Proceeds from Sales of Investments	41,102	34,626	-	75,728
Purchases of Investments	(48,053)	(29,049)	-	(77,102)
NET CASH FROM INVESTING ACTIVITIES	(6,914)	22,922	10,344	26,352
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(165)	5,594	(7,331)	(1,902)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	8,898	46,363	7,862	63,123
CASH AND POOLED CASH, FISCAL YEAR END	$ 8,733	$ 51,957	$ 531	$ 61,221
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 990	$ 11,656	$ (25)	12,621
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Investment/Rental Income and Interest Expense in Operating Income	(990)	(11,656)	25	(12,621)
NET CASH PROVIDED BY OPERATING ACTIVITIES	-	-	-	-

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group is used to account for fixed assets acquired for general governmental purposes. These include all land, buildings, and equipment except those of the Enterprise, Internal Service, Trust, and College and University funds.

SCHEDULE OF GENERAL FIXED ASSETS
BY FUNCTION AND DEPARTMENT
JUNE 30, 1999

(DOLLARS IN THOUSANDS)

	LAND AND IMPROVEMENTS	BUILDINGS	LEASEHOLD IMPROVEMENTS
GENERAL GOVERNMENT			
Legislature	$ -	$ -	$ -
Military Affairs	1,348	15,491	43
Personnel	2,971	70,552	-
Revenue	5,410	15,373	423
Treasury	-	-	-
Subtotal	9,729	101,416	466
BUSINESS, COMMUNITY & CONSUMER AFFAIRS:			
Agriculture	110	3,067	-
[1]GOV, OEC, OED	-	-	-
Labor and Employment	617	5,335	-
Local Affairs	-	-	-
Regulatory Agencies	-	-	-
Revenue	-	-	25
State	-	175	-
Subtotal	727	8,577	25
EDUCATION			
Education	269	6,284	-
Higher Education	2,398	8,123	-
Subtotal	2,667	14,407	-
HEALTH AND REHABILITATION			
Public Health and Environment	156	11,458	-
Human Services	7,791	90,211	71
Subtotal	7,947	101,669	71
JUSTICE			
Corrections	9,565	596,373	6,582
DHS, Division of Youth Services	75	45,126	-
Judicial	1,605	11,835	-
Law	-	-	-
Public Safety	297	3,704	-
Regulatory Agencies	-	-	-
Subtotal	11,542	657,038	6,582
NATURAL RESOURCES			
Natural Resources	176,603	58,098	36,741
SOCIAL ASSISTANCE			
Human Services	-	-	1,064
Health Care Policy and Finance	-	-	-
Subtotal	-	-	1,064
TRANSPORTATION			
Transportation	9,585	52,198	-
TOTAL GENERAL FIXED ASSETS	$ 218,800	$ 993,403	$ 44,949

[1]Governor's Office, Office of Energy Conservation, and the Office of Economic Development

EQUIPMENT	CONSTRUCTION IN PROGRESS	OTHER FIXED ASSETS	TOTALS
$ 762	$ -	$ 100	$ 862
238	15,563	31	32,714
5,242	5,759	-	84,524
21,908	577	-	43,691
9	-	-	9
28,159	21,899	131	161,800
3,719	32	-	6,928
424	-	438	862
5,160	-	-	11,112
792	-	-	792
3,434	-	-	3,434
712	-	-	737
3,318	-	-	3,493
17,559	32	438	27,358
1,820	-	2,103	10,476
639	429	1,522	13,111
2,459	429	3,625	23,587
13,354	-	-	24,968
9,487	6,782	61	114,403
22,841	6,782	61	139,371
19,302	37,006	-	668,828
2,014	56,256	-	103,471
14,861	-	689	28,990
296	-	-	296
19,310	802	-	24,113
112	-	-	112
55,895	94,064	689	825,810
16,184	5,957	9,362	302,945
7,981	1,434	-	10,479
208	-	-	208
8,189	1,434	-	10,687
177,482	-	-	239,265
$ 328,768	$ 130,597	$ 14,306	$ 1,730,823

SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND DEPARTMENT JUNE 30, 1999

(DOLLARS IN THOUSANDS)	BALANCE JULY 1	ADDITIONS	DELETIONS	BALANCE JUNE 30
GENERAL GOVERNMENT				
Legislature	$ 1,064	$ -	$ 202	$ 862
Military Affairs	27,561	5,175	22	32,714
Personnel	80,275	4,418	169	84,524
Revenue	40,972	3,238	519	43,691
Treasury	-	9	-	9
Subtotal	149,872	12,840	912	161,800
BUSINESS, COMMUNITY & CONSUMER AFFAIRS:				
Agriculture	12,757	661	6,490	6,928
[1]GOV, OEC, OED	785	77	-	862
Labor and Employment	11,110	88	86	11,112
Local Affairs	788	13	9	792
Regulatory Agencies	3,074	730	370	3,434
Revenue	650	186	99	737
State	3,022	672	201	3,493
Subtotal	32,186	2,427	7,255	27,358
EDUCATION				
Education	10,141	529	194	10,476
Higher Education	12,288	974	151	13,111
Subtotal	22,429	1,503	345	23,587
HEALTH AND REHABILITATION				
Public Health and Environment	25,107	1,246	1,385	24,968
Human Services	117,935	6,571	10,103	114,403
Subtotal	143,042	7,817	11,488	139,371
JUSTICE				
Corrections	540,523	137,055	8,750	668,828
DHS, Division of Youth Services	91,713	13,043	1,285	103,471
Judicial	28,002	2,511	1,523	28,990
Law	205	91	-	296
Public Safety	32,920	3,122	11,929	24,113
Regulatory Agencies	107	9	4	112
Subtotal	693,470	155,831	23,491	825,810
NATURAL RESOURCES				
Natural Resources	286,491	17,825	1,371	302,945
SOCIAL ASSISTANCE				
Human Services	14,949	4,392	8,862	10,479
Health Care Policy and Finance	142	66	-	208
Subtotal	15,091	4,458	8,862	10,687
TRANSPORTATION				
Transportation	233,182	18,236	12,153	239,265
TOTAL GENERAL FIXED ASSETS	$ 1,575,763	$ 220,937	$ 65,877	$ 1,730,823

[1]Governor's Office, Office of Energy Conservation, and the Office of Economic Development

DISCRETELY PRESENTED COMPONENT UNITS

Component units are public entities for which the state is financially accountable because the state appoints a voting majority of their governing board, and either is able to impose its will upon the entity or there exists a financial benefit or burden relationship with the state. Entities that do not meet the criteria for inclusion may still be included if it would be misleading to exclude them.

DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT

The district was created for the purpose of acquiring, constructing, and operating a major league baseball stadium in the Denver metropolitan area. The District levies a sales tax of one-tenth of one percent throughout the District, for a period not to exceed 20 years, to assist in financing the stadium.

UNIVERSITY OF COLORADO HOSPITAL AUTHORITY

The authority operates University Hospital as a teaching and research hospital providing comprehensive medical care, including primary, secondary, and tertiary patient care. It also provides space as necessary for the clinical programs of the University of Colorado Health Sciences Center.

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY

The authority constructs, maintains, or causes construction and maintenance of projects for the purpose of conserving or developing the water resources of the state.

COLORADO TRAVEL AND TOURISM AUTHORITY

The authority was created for the purpose of promoting the state as a quality travel and tourist destination through advertising, publications, and public relations activities.

COLORADO UNINSURABLE HEALTH INSURANCE PLAN

The plan is a nonprofit public entity created to provide access to health insurance for those Colorado residents that are unable to obtain health insurance, or unable to obtain health insurance except at prohibitive rates or with restrictive exclusions.

COMBINING BALANCE SHEET
ALL DISCRETELY PRESENTED COMPONENT UNITS

(DOLLARS IN THOUSANDS)	FIDUCIARY FUND TYPE	PENSION TRUST FUND
	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY
ASSETS:		
Cash and Cash Equivalents	$ 45,101	$ -
Taxes Receivable, net	-	-
Other Receivables, net	2,046	-
Due From Other Governments	-	-
Due From Other Funds	-	-
Inventories	-	-
Prepaids, Advances, and Deferred Charges	-	-
Investments	96,922	65,561
Property, Plant and Equipment, net	-	-
Other Long-Term Assets	-	-
TOTAL ASSETS	$ 144,069	$ 65,561
LIABILITIES:		
Accounts Payable and Accrued Liabilities	$ -	$ -
Due To Other Governments	95,738	-
Due To Other Funds	5,701	-
Deferred Revenue	-	-
Other Current Liabilities	-	-
Notes and Bonds Payable	-	-
Accrued Compensated Absences	-	-
Other Long-Term Liabilities	-	-
TOTAL LIABILITIES	101,439	-
FUND EQUITY:		
Contributed Capital	-	-
Retained Earnings	-	-
Fund Balances:		
Reserved For:		
Purpose of the Fund	42,630	65,561
Unreserved:		
Undesignated	-	-
TOTAL FUND EQUITY	42,630	65,561
TOTAL LIABILITIES AND FUND EQUITY	$ 144,069	$ 65,561

PROPRIETARY FUND TYPES					
DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO TRAVEL AND TOURISM AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
$ 12,980	$ 1,336	$ 58,747	$ 170	$ 3,635	$ 121,969
5,442	-		-	-	5,442
168	50,256	2,127	-	5	54,602
-	-	18,529	100	-	18,629
-	-	16,244	-	-	16,244
-	4,212		-	-	4,212
9	3,097		378	-	3,484
-	269,443	72,450	-	-	504,376
184,217	171,056	102	6	4	355,385
1,265	14,498	340,824	-	-	356,587
$ 204,081	$ 513,898	$ 509,023	$ 654	$ 3,644	$ 1,440,930
$ 1,048	$ 56,437	$ 5,689	$ 69	$ 101	$ 63,344
-	-	8,056	-	-	103,794
-	-	10,543	-	-	16,244
-	-	824	558	76	1,458
-	3,190	13,679	-	1,956	18,825
68,805	238,324	308,997	-	-	616,126
-	5,562		-	-	5,562
-	-	2,342	-	-	2,342
69,853	303,513	350,130	627	2,133	827,695
386	-	92,375	-	-	92,761
133,842	-	66,518	27	1,511	201,898
-	-	-	-	-	108,191
-	210,385	-	-	-	210,385
134,228	210,385	158,893	27	1,511	613,235
$ 204,081	$ 513,898	$ 509,023	$ 654	$ 3,644	$ 1,440,930

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL DISCRETELY PRESENTED COMPONENT UNITS
EXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1998

(DOLLARS IN THOUSANDS)	EXPENDABLE TRUST COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY
REVENUES:	
Investment Income	$ 2,696
TOTAL REVENUES	2,696
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,696
OTHER FINANCING SOURCES (USES):	
Operating Transfer-Out	(2,701)
TOTAL OTHER FINANCING SOURCES (USES)	(2,701)
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(5)
FUND BALANCE, JANUARY 1	42,635
FUND BALANCE, DECEMBER 31	$ 42,630

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY ALL DISCRETELY PRESENTED COMPONENT UNITS PROPRIETARY FUNDS

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY	COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO TRAVEL AND TOURISM AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
OPERATING REVENUES:						
Charges for Goods and Services	$ -	$ 242,957	$ 3,009	$ 703	$ 3,178	$ 249,847
Investment and Rental Income	954	-	17,158	3	150	18,265
Other	-	17,652	-	881	-	18,533
TOTAL OPERATING REVENUES	954	260,609	20,167	1,587	3,328	286,645
OPERATING EXPENSES:						
Salaries & Fringe Benefits	-	105,878	-	172	-	106,050
Operating and Travel	118	71,818	18,576	583	6,321	97,416
Cost of Goods Sold	-	48,752	-	762	-	49,514
Depreciation	4,839	17,184	39	1	2	22,065
Other	-	7,321	63	-	-	7,384
TOTAL OPERATING EXPENSES	4,957	250,953	18,678	1,518	6,323	282,429
OPERATING INCOME (LOSS)	(4,003)	9,656	1,489	69	(2,995)	4,216
NON-OPERATING REVENUES AND (EXPENSES):						
Taxes	30,041	-	-	-	-	30,041
Investment Income	970	12,353	3,608	-		16,931
State Funds	-	-	2,124	-	2,409	4,533
Debt Service	(6,812)	-	-	-	-	(6,812)
Other	177	(524)	-	-	-	(347)
TOTAL NON-OPERATING REVENUES (EXPENSES)	24,376	11,829	5,732	-	2,409	44,346
INCOME (LOSS) BEFORE OPERATING TRANSFERS	20,373	21,485	7,221	69	(586)	48,562
OPERATING TRANSFERS:						
Operating Transfer-In	-	-	2,701	-	-	2,701
TOTAL OPERATING TRANSFERS	-	-	2,701	-	-	2,701
NET INCOME/CHANGE IN RETAINED EARNINGS	20,373	21,485	9,922	69	(586)	51,263
FUND EQUITY, FISCAL YEAR BEGINNING	113,855	188,900	130,577	(42)	2,097	435,387
Additions (Deductions) to Contributed Capital	-	-	18,394	-	-	18,394
FUND EQUITY, FISCAL YEAR END	$ 134,228	$ 210,385	$ 158,893	$ 27	$ 1,511	$ 505,044

COMBINING STATEMENT OF CASH FLOWS
ALL DISCRETELY PRESENTED COMPONENT UNITS
PROPRIETARY FUNDS

(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash From Operating Activities	$ 730	$ 27,903
NET CASH PROVIDED BY OPERATING ACTIVITIES	730	27,903
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers-In	-	-
Transfers-Out	-	-
Other	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of Capital Assets	(223)	(25,514)
Proceeds from Sale of Capital Assets	491	-
Proceeds from Issuance of Capital Debt	-	106,299
Principal Paid on Capital Debt	(10,555)	(3,270)
Interest Payments	(4,726)	(6,900)
Capital Lease Payments	(6)	-
Taxes	29,619	-
Bond Defeasance and Refunding	(14,846)	-
Received from Borrowers	-	-
Disbursements to Borrowers	-	-
Capitalization Grants Received	-	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(246)	70,615
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest and Dividends on Investments	969	13,616
Proceeds from Sales of Investments	-	256,979
Purchases of Investments	-	(268,993)
Net (Increase)Decrease in Investments	-	(104,482)
NET CASH FROM INVESTING ACTIVITIES	969	(102,880)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,453	(4,362)
CASH AND POOLED CASH , FISCAL YEAR BEGINNING	11,527	5,698
CASH AND POOLED CASH, FISCAL YEAR END	$ 12,980	$ 1,336
RECONCILIATION TO THE COMBINED BALANCE SHEET		
Add: Governmental and Expendable Trust Funds	-	-
CASH AND POOLED CASH, FISCAL YEAR END	$ 12,980	$ 1,336

(Continued)

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO TRAVEL AND TOURISM AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
$ 8,083	$ (101)	$ (2,515)	$ 34,100
8,083	(101)	(2,515)	34,100
4,951	-	2,409	7,360
(4,951)	-	-	(4,951)
-	-	(1)	(1)
-	-	2,408	2,408
-	(5)	-	(25,742)
-	-	-	491
105,487	-	-	211,786
(10,430)	-	-	(24,255)
-	-	-	(11,626)
-	-	-	(6)
-	-	-	29,619
(26,153)	-	-	(40,999)
13,752	-	-	13,752
(89,698)	-	-	(89,698)
18,422	-	-	18,422
11,380	(5)	-	81,744
-	-	-	14,585
-	-	-	256,979
-	-	-	(268,993)
(13,597)	-	-	(118,079)
(13,597)	-	-	(115,508)
5,866	(106)	(107)	2,744
52,881	276	3,742	74,124
$ 58,747	$ 170	$ 3,635	$ 76,868
45,101	-	-	45,101
$ 103,848	$ 170	$ 3,635	$ 121,969

COMBINING STATEMENT OF CASH FLOWS
ALL DISCRETELY PRESENTED COMPONENT UNITS
PROPRIETARY FUNDS (Continued)

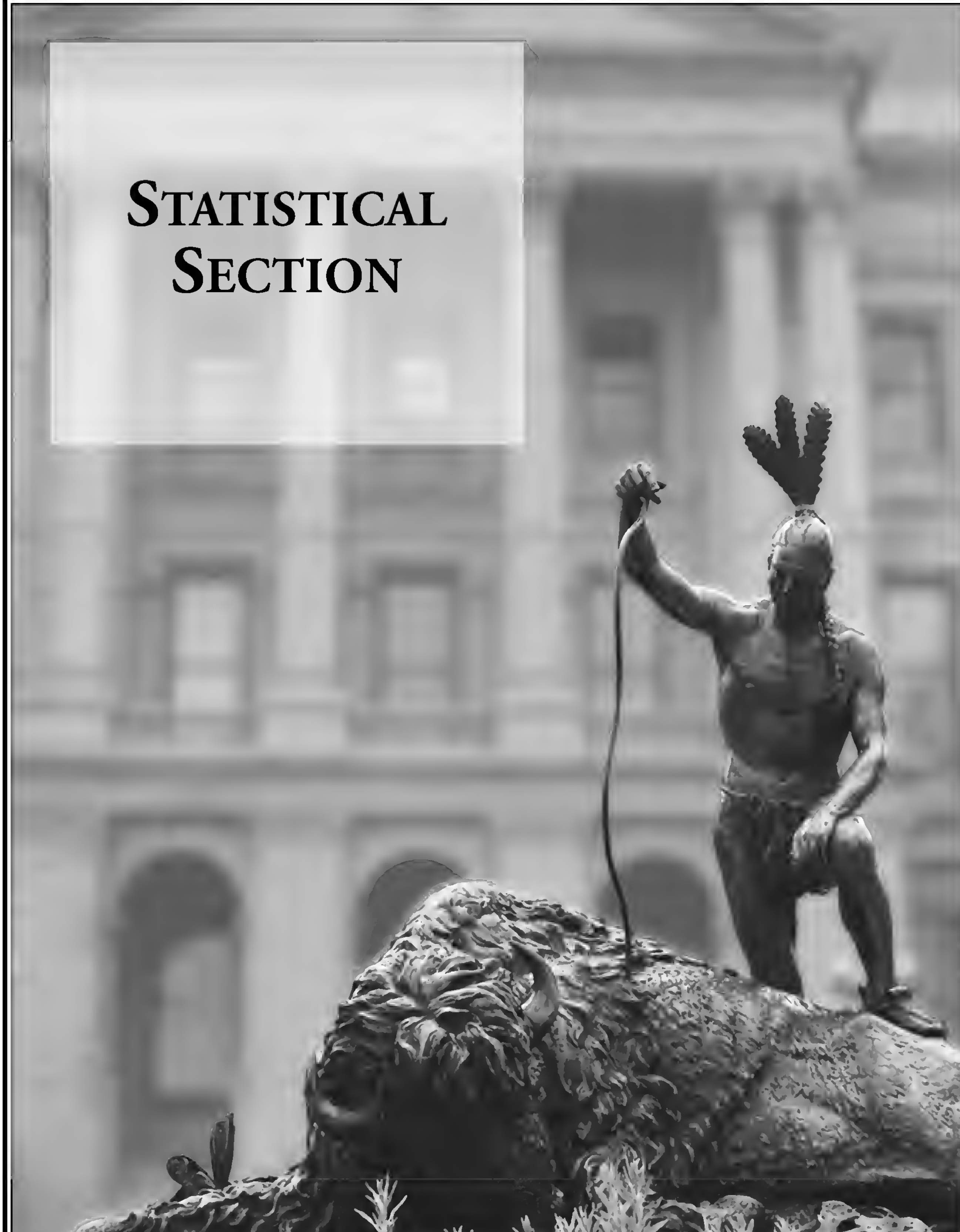
(DOLLARS IN THOUSANDS)	DENVER METROPOLITAN MAJOR LEAGUE BASEBALL STADIUM DISTRICT	UNIVERSITY OF COLORADO HOSPITAL AUTHORITY
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (4,003)	$ 9,656
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	4,839	17,184
Investment/Rental Income and Interest Expense in Operating Income	-	-
Interest Expense	-	7,321
Provision for Bad Debts	-	11,331
Net Changes in Assets and Liabilities Related to Operating Activities:		
(Increase) Decrease in Operating Receivables	(38)	(13,523)
(Increase) Decrease in Inventories	-	162
(Increase) Decrease in Other Operating Assets	-	1,591
Increase (Decrease) in Accounts Payable	(68)	(5,694)
Increase (Decrease) in Accrued Compensated Absences	-	399
Increase (Decrease) in Other Operating Liabilities	-	(524)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 730	$ 27,903

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY	COLORADO TRAVEL AND TOURISM AUTHORITY	COLORADO UNINSURABLE HEALTH INSURANCE PLAN	TOTALS
$ 7,221	$ 69	$ (2,995)	$ 9,948
39	1	2	22,065
228	-	-	228
-	-	-	7,321
-	-	-	11,331
(2,821)	(56)	(3)	(16,441)
-	-	-	162
-	(164)	-	1,427
2,214	(3)	500	(3,051)
-	-	-	399
1,202	52	(19)	711
$ 8,083	$ (101)	$ (2,515)	$ 34,100

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS ALL DISCRETELY PRESENTED COMPONENT UNITS FOR THE YEAR ENDED DECEMBER 31, 1998

(DOLLARS IN THOUSANDS)	BALANCE JANUARY 1	ADDITIONS	DEDUCTIONS	BALANCE DECEMBER 31
COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY:				
ASSETS:				
Cash and Investments - Trust Accounts	$ 72,247	$ 87,668	$ 62,993	$ 96,922
Interest Receivable on Investments	1,075	5,287	4,545	1,817
TOTAL ASSETS	$ 73,322	$ 92,955	$ 67,538	$ 98,739
LIABILITIES:				
Project Funds Payable	$ 71,350	$ 83,021	$ 59,827	$ 94,544
Interest Due to Borrowers	946	570	321	1,195
Due To Other Funds	1,026	4,818	2,844	3,000
TOTAL LIABILITIES	$ 73,322	$ 88,409	$ 62,992	$ 98,739

STATISTICAL SECTION



REVENUES AND OTHER FINANCING BY SOURCE
EXPENDITURES AND OTHER USES BY FUNCTION - PRIMARY GOVERNMENT
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	1998-99	1997-98	1996-97	1995-96
REVENUES AND OTHER FINANCING SOURCES:				
Taxes	$ 6,443	$ 5,995	$ 5,265	$ 4,841
Less: Excess TABOR Revenues	(680)	(563)	(139)	-
Licenses, Permits, and Fines	422	418	388	358
Charges for Goods and Services	181	183	189	171
Interest	233	223	198	170
Federal Grants and Contracts	2,473	2,225	2,128	2,133
Other	179	151	127	111
Other Financing Sources	3	1	24	7
Transfers-In	772	513	582	500
TOTAL REVENUES AND OTHER SOURCES	$ 10,026	9,146	8,762	8,291
EXPENDITURES AND OTHER USES BY FUNCTION:				
Current:				
General Government	208	209	198	184
Business, Community and Consumer Affairs	368	361	388	405
Education	71	75	91	65
Health and Rehabilitation	413	418	373	359
Justice	694	619	583	534
Natural Resources	123	116	114	109
Social Assistance	1,992	1,770	1,817	1,703
Transportation	877	716	578	558
Capital Outlay	253	233	158	96
Intergovernmental:				
Cities	191	193	157	157
Counties	1,011	920	719	676
School Districts	2,158	2,011	1,907	1,783
Other	138	142	175	161
Deferred Compensation Distributions	15			
Debt Service	23	41	55	43
Other	-	-	-	6
Transfers-Out:				
Higher Education	778	735	692	632
Other	712	461	535	644
TOTAL EXPENDITURES AND OTHER USES	10,025	9,020	8,540	8,115
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	1	126	222	176
Prior Period Adjustments	285	-	(2)	371
FUND BALANCE, JUNE 30	$ 2,959	$ 2,673	$ 2,547	$ 2,327

1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
$ 4,549	$ 4,177	$ 3,837	$ 3,519	$ 3,205	$ 3,225
-	-	-	-	-	-
301	289	263	249	229	102
179	343	450	173	144	110
130	104	137	150	162	84
2,048	2,121	2,022	1,778	1,505	1,216
126	112	57	166	110	204
-	-	108	144	29	71
450	369	243	245	288	242
7,783	7,515	7,117	6,424	5,672	5,254
140	216	149	211	196	219
378	449	472	432	326	108
60	53	53	47	51	48
340	346	342	323	308	284
487	447	423	394	367	379
102	92	89	78	73	68
1,630	1,562	1,701	1,328	1,023	913
543	582	499	505	525	418
74	88	92	106	93	202
161	151	130	131	108	104
663	626	594	542	493	433
1,659	1,581	1,492	1,134	1,216	1,166
126	125	100	109	91	45
45	40	23	173	26	12
-	-	115	1	-	-
557	543	532	508	504	529
431	372	180	173	217	195
7,396	7,273	6,986	6,195	5,617	5,123
387	242	131	229	55	131
(20)	1	-	-	-	2
$ 2,147	$ 1,780	$ 1,537	$ 1,406	$ 1,177	$ 1,122

GENERAL FUND
GENERAL PURPOSE REVENUE
IN DOLLARS AND AS A PERCENT OF TOTAL
Last Ten Fiscal Years

(DOLLARS IN MILLIONS)

	1998-99	1997-98	1996-97	1995-96	1994-95
Income Tax:					
Individual	$ 3,327	$ 3,052	$ 2,573	$ 2,318	$ 2,106
Less: Excess TABOR Revenues	(30)				
Corporate	276	263	237	206	191
Net Income Tax	3,573	3,315	2,810	2,524	2,297
Sales, Use, and Excise Taxes	1,628	1,485	1,521	1,415	1,316
Less: Excess TABOR Revenues	(650)	(563)	(139)	-	-
Net Sales, Use, and Excise Taxes	978	922	1,382	1,415	1,316
Estate Taxes	67	109	35	32	28
Insurance Tax	118	114	112	110	105
Other Taxes	27	21	20	18	17
Interest	48	52	41	37	29
Medicaid Provider Revenues	73	73	80	69	127
Other	59	75	60	64	77
TOTAL GENERAL REVENUES	$ 4,943	$ 4,681	$ 4,540	$ 4,269	$ 3,996
Percent Change Over Previous Year	5.6%	3.1%	6.3%	6.8%	7.3%
(AS PERCENT OF TOTAL EXCLUDING TABOR REFUND)					
Net Income Tax	64.0%	63.2%	60.1%	59.1%	57.5%
Sales, Use, and Excise Taxes	29.0	28.3	32.5	33.2	32.9
Estate Taxes	1.2	2.1	0.7	0.7	0.7
Insurance Tax	2.1	2.2	2.4	2.6	2.6
Other Taxes	0.5	0.4	0.4	0.4	0.4
Interest	0.9	1.0	0.9	0.9	0.7
Medicaid Provider Revenues	1.3	1.4	1.7	1.6	3.2
Other	1.0	1.4	1.3	1.5	2.0
TOTAL GENERAL REVENUES	100.0%	100.0%	100.0%	100.0%	100.0%

1993-94	1992-93	1991-92	1990-91	1989-90
$ 1,920	$ 1,760	$ 1,608	$ 1,462	$ 1,381
147	139	113	116	104
2,067	1,899	1,721	1,578	1,485
1,208	1,079	1,000	931	913
-	-	-	-	-
1,208	1,079	1,000	931	913
34	20	34	15	21
102	92	89	85	82
20	25	12	10	8
18	8	6	4	16
205	259	82	-	-
71	61	52	41	55
$ 3,725	$ 3,443	$ 2,996	$ 2,664	$ 2,580
8.2%	14.9%	12.5%	3.3%	3.9%
55.5%	55.2%	57.4%	59.2%	57.6%
32.4	31.3	33.4	34.9	35.4
0.9	0.6	1.1	0.6	0.8
2.7	2.7	3.0	3.2	3.2
0.5	0.7	0.4	0.4	0.3
0.5	0.2	0.2	0.1	0.6
5.5	7.5	2.7	0.0	0.0
2.0	1.8	1.8	1.6	2.1
100.0%	100.0%	100.0%	100.0%	100.0%

EXPENDITURES BY DEPARTMENT
FUNDED BY GENERAL PURPOSE REVENUES
Last Ten Fiscal Years

(DOLLARS IN THOUSANDS)

	1998-99	1997-98	1996-97	1995-96
Department:				
Administration				
Agriculture	$ 7,675	$ 7,305	11,165	$ 6,477
Corrections	338,715	297,179	257,072	234,049
Education	1,914,294	1,830,940	1,720,335	1,590,861
Governor	7,388	2,996	12,377	3,509
Health				
Health Care Policy and Financing	891,319	789,532	756,690	692,241
Higher Education	676,449	651,893	618,464	581,143
Human Services	486,325	481,258	441,637	407,321
Institutions				
Judicial Branch	180,282	166,574	159,226	150,447
Labor and Employment	-	20	-	610
Law	9,144	8,558	7,471	6,454
Legislative Branch	23,062	21,567	21,266	19,891
Local Affairs	29,958	26,672	25,940	23,986
Military Affairs	3,874	3,460	3,098	2,572
Natural Resources	26,864	24,845	24,130	22,442
Personnel	15,245	15,361	14,591	13,185
Public Health and Environment	22,596	20,507	18,200	17,277
Public Safety	43,910	39,433	36,047	36,325
Regulatory Agencies	1,730	1,194	1,479	898
Revenue	69,871	70,224	52,711	38,654
Social Services				
State	-	-	-	-
Transportation	239	244	-	-
Treasury	2,970	2,800	3,102	2,535
Transfer to the Capital Construction Fund	470,179	198,387	250,968	254,962
Transfer to the Controlled Maintenance Trust Fund	-	-	-	196,000
Transfers for Water Construction Projects	-	-	-	-
Transfer to the Highway Users Tax Fund	-	-	-	-
Other Transfers	-	5,611	-	-
Unclassified by Department	56,992	57,811	98,464	88,614
TOTALS	$ 5,279,081	$ 4,724,371	$ 4,534,433	$ 4,390,453

(AS PERCENT OF TOTAL)

	1998-99	1997-98	1996-97	1995-96
Education	36.3%	38.8%	37.9%	36.2%
Health Care Policy and Financing	16.9	16.7	16.7	15.8
Higher Education	12.8	13.8	13.6	13.2
Human Services	9.2	10.2	9.7	9.3
Corrections	6.4	6.3	5.7	5.3
Transfer to the Capital Construction Fund	8.9	4.2	5.5	5.8
Transfer to the Controlled Maintenance Trust Fund				4.5
Judicial	3.4	3.5	3.5	3.4
Social Services				
Institutions				
Revenue	1.3	1.5	1.2	0.9
All Others	4.8	5.0	6.2	5.6
TOTALS	100.0%	100.0%	100.0%	100.0%

	1994-95	1993-94	1992-93	1991-92	1990-91	1989-90
	$ 9,056	$ 10,905	$ 11,535	$ 15,375	$ 13,349	$ 13,543
	6,310	5,712	5,568	5,543	5,636	5,833
	204,073	179,173	157,012	143,072	134,566	133,037
	1,503,783	1,416,693	1,217,078	1,133,740	1,083,912	1,037,844
	6,698	2,475	2,632	2,450	2,782	4,629
		21,473	20,755	21,128	23,774	24,263
	666,813					
	537,905	531,344	526,337	496,344	501,669	497,761
	366,960					
		125,750	140,987	140,349	135,113	125,210
	142,681	132,944	126,116	117,623	111,103	104,950
	272	-	-	141	652	406
	7,139	6,859	7,059	7,545	6,166	6,381
	18,970	18,707	17,852	17,727	16,616	16,986
	21,718	15,803	14,519	12,466	13,567	7,815
	2,601	2,523	2,432	2,412	1,995	1,786
	20,157	17,408	16,519	15,879	16,588	16,100
	4,464	4,201	4,040	3,900	4,137	3,772
	16,080					
	33,269	30,202	28,220	26,579	28,617	22,401
	527	107	620	9,677	9,003	8,693
	35,095	26,750	28,863	26,216	24,921	23,038
		832,629	833,566	644,451	514,359	442,149
	-	-	-	-	-	-
	-	-	-	-	-	-
	3,852	2,410	2,356	3,143	2,321	2,236
	201,708	173,073	32,555	(27,177)	41,554	32,450
	19,400	32,650	-	-	-	-
	30,000	-	-	-	1,000	400
	-	-	-	-	10,000	10,000
	-	-	-	-	-	-
	54,384	57,081	53,238	60,238	60,594	59,331
	$ 3,913,915	$ 3,646,872	$ 3,249,859	$ 2,878,821	$ 2,763,994	$ 2,601,014

	38.4%	38.8%	37.5%	39.4%	39.2%	39.9%
	17.0					
	13.7	14.6	16.2	17.2	18.2	19.1
	9.4					
	5.2	4.9	4.8	5.0	4.9	5.1
	5.2	4.7	1.0	-0.9	1.5	1.2
	3.6	3.6	3.9	4.1	4.0	4.0
		22.8	25.6	22.4	18.6	17.0
		3.4	4.3	4.9	4.9	4.8
	0.9	0.7	0.9	0.9	0.9	0.9
	6.6	6.5	5.8	7.0	7.8	8.0
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

NUMBER OF FULL-TIME EQUIVALENT STATE EMPLOYEES BY FUNCTION, AND AVERAGE MONTHLY SALARY
Last Ten Fiscal Years

	1998-99	1997-98	1996-97	1995-96	1994-95	1993-94
General Government	2,411	2,375	2,371	2,333	2,300	2,297
Business, Community, and Consumer Affairs	2,311	2,337	2,303	2,267	2,265	2,276
Education	28,774	28,203	27,522	26,862	26,216	26,327
Health and Rehabilitation	3,784	3,797	3,771	4,043	4,292	4,216
Justice	9,730	9,020	8,468	8,140	7,785	7,534
Natural Resources	1,372	1,351	1,339	1,337	1,337	1,307
Social Assistance	1,514	1,479	1,432	1,138	1,056	1,269
Transportation	3,025	3,053	3,068	3,103	3,092	3,095
TOTAL FTE	52,921	51,615	50,274	49,223	48,343	48,321
AVERAGE MONTHLY SALARY						
TOTAL CLASSIFIED FTE	30,157	29,470	28,839	28,483	28,131	28,172
AVERAGE MONTHLY SALARY	$ 3,232	$ 3,091	$ 3,027	$ 2,954	$ 2,877	$ 2,686
TOTAL NON-CLASSIFIED FTE	22,764	22,145	21,435	20,740	20,212	20,149
AVERAGE MONTHLY SALARY	$ 4,216	$ 4,100	$ 4,000	$ 3,935	$ 3,825	$ 3,586

Classified employees are those holding positions within the State Personnel System. Non-classified employees are excluded from the State Personnel System and are not subject to the rule-making authority of the State Personnel Director. Non-classified positions are found primarily in the Judicial Branch, the Legislative Branch, the Governor's cabinet and office staff, the Department of Law, the Department of Education, and as administrators and faculty positions in the Department of Higher Education.

FTE is an acronym for Full-Time Equivalent employee. Employees on the state's payroll system are designated as either full-time or part-time. Each full-time employee was counted as one FTE. For each state agency, the average salary for full-time employees was divided into the part-time employee payroll amount to determine the FTE for part-time employees.

1992-93	1991-92	1990-91	1989-90
2,420	2,647	2,441	2,425
2,238	2,148	2,165	2,287
25,864	24,945	24,459	24,360
4,179	4,242	4,344	4,270
7,123	6,807	6,637	6,194
1,281	1,236	1,206	1,233
1,259	1,332	1,387	1,380
3,061	2,996	2,911	2,901
47,425	46,353	45,550	45,050
27,763	27,373	27,113	27,392
$ 2,666	$ 2,597	$ 2,482	$ 2,377
19,662	20,980	20,437	17,658
$ 3,539	$ 3,445	$ 3,262	$ 3,090

REVENUE BOND COVERAGE
Last Ten Fiscal Years

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Debt Service Requirements Principal	Interest	Total	Coverage
Higher Education Facilities							
1998-99	$ 395,699	$ 274,163	$ 121,536	$ 16,280	$ 18,307	$ 34,588	3.51
1997-98	367,883	253,538	114,344	16,060	18,926	34,986	3.27
1996-97	346,355	237,948	108,407	13,745	17,434	31,179	3.48
1995-96	320,347	219,994	100,353	11,460	15,790	27,250	3.68
1994-95	248,013	155,592	92,421	10,645	17,728	28,373	3.26
1993-94	221,535	134,380	87,155	7,241	16,210	23,451	3.72
1992-93	211,715	129,403	82,312	6,111	13,286	19,397	4.24
1991-92	172,056	116,961	55,095	7,180	11,458	18,638	2.96
1990-91	143,462	115,852	27,610	4,626	10,880	15,506	1.78
1989-90	139,528	113,817	25,711	4,322	10,202	14,524	1.77

COLORADO SALES AND CASH RECEIPTS FROM FARMING AND RANCHING
1990 to 1999

(Amounts in Billions)

Year	Retail Sales	Wholesale Sales	Farm and Ranch Cash Receipts
1999 est	$ 51.0	$ 31.9	$ 4.6
1998 est	48.1	30.1	4.4
1997	45.2	28.3	4.6
1996	42.6	26.5	4.3
1995	40.0	28.7	4.3
1994	38.1	25.6	4.2
1993	34.2	22.0	4.5
1992	31.3	20.0	4.0
1991	28.9	19.3	3.9
1990	27.5	17.3	4.5

Retail sales based on SIC Codes 52-59
Wholesale sales include only those sales reported on sales tax reports.
Source: Colorado Department of Revenue, Colorado Agricultural Statistics Services, and the Colorado Business/Economic Outlook Committee.

VALUE OF TOTAL CONSTRUCTION IN COLORADO BY TYPE 1990 TO 1999

(Amounts in Millions)

Year	Residential	Non-Residential	Non-Building	Total
1999 est	$5,984	$2,900	$1,550	$ 10,434
1998 est	5,541	2,600	1,350	9,491
1997	4,659	3,111	1,097	8,867
1996	4,275	2,544	834	7,653
1995	3,859	1,957	879	6,695
1994	3,906	1,585	974	6,465
1993	3,096	1,682	1,073	5,851
1992	2,439	1,642	1,668	5,749
1991	1,512	1,539	1,231	4,282
1990	1,157	947	879	2,983

Source: F.W. Dodge Company, the Colorado Contractors Association, and the Colorado Business/Economic Outlook Committee.

COLORADO BANK DEPOSITS AND LIFE INSURANCE SALES 1990 TO 1999

(Amounts in Millions)

Year	Life Insurance Sales	Bank Deposits	Savings & Loan Deposits	Credit Union Deposits	Total Deposits
1999 est	$ 20,417	$ 31,949	$ 1,904	$ 6,797	$ 40,650
1998 est	19,726	30,720	1,924	6,412	39,056
1997	18,968	29,257	1,943	5,937	37,137
1996	17,970	34,319	1,986	5,519	41,824
1995	17,500	31,247	2,141	5,128	38,516
1994	16,862	29,705	1,961	4,704	36,370
1993	16,385	30,015	1,867	4,515	36,397
1992	15,770	25,770	3,933	4,245	33,948
1991	15,327	24,436	6,801	4,190	35,427
1990	15,741	21,102	9,336	3,409	33,847

Source: Colorado Department of Regulatory Agencies, American Council of Life Insurance, Inc. Colorado Credit Union League, Federal Reserve Bank of Kansas City, and the Colorado Business/Economic Outlook Committee.

COLORADO DEMOGRAPHIC DATA
1990 TO 1999

Year	Population (000)	% of U.S. Population	Per Capita Personal Income	% of U.S. Per Capita Income	Employ-ment (000)	Unemploy-ment %
1999 est	4,094	1.50%	$ 29,692	108.9%	2,224	3.7%
1998 est	4,016	1.49	28,180	107.2	2,162	3.5
1997	3,935	1.47	27,015	106.8	2,088	3.3
1996	3,852	1.45	25,618	106.0	2,013	4.2
1995	3,772	1.44	24,290	105.3	2,004	4.2
1994	3,680	1.41	23,001	104.3	1,917	4.2
1993	3,580	1.39	22,109	104.2	1,801	5.2
1992	3,472	1.36	21,083	102.2	1,712	5.9
1991	3,373	1.34	20,060	101.9	1,694	5.0
1990	3,304	1.32	19,322	101.6	1,678	4.9

Source: Colorado Department of Labor and Employment, U.S. Bureau of Economic Analysis, and the Colorado Business/Economic Outlook Committee.

COLORADO EMPLOYMENT
BY INDUSTRY
1990-1998

(Amounts in Thousands)

Industry	1998 est	1997	1996	1995	1994	1993	1992	1991	1990
Agriculture	26.0	26.3	26.0	27.1	23.9	21.3	21.9	22.6	25.6
Mining	13.9	13.9	13.7	14.8	15.6	16.1	16.6	18.6	19.9
Construction	130.0	118.9	111.0	102.1	97.1	86.0	74.8	66.5	63.6
Manufacturing	206.2	203.6	197.1	192.4	190.9	188.1	185.9	185.6	193.2
Transportation, Communication, and Public Utilities	128.2	124.2	121.1	117.5	108.3	104.3	99.8	97.8	96.1
Trade	493.4	481.1	465.9	453.3	429.5	404.0	385.6	375.5	371.8
Finance, Insurance, and Real Estate	132.4	127.7	119.0	113.4	111.1	106.2	99.9	96.7	96.9
Services	625.3	597.4	563.8	537.2	504.1	469.4	443.4	421.1	402.6
Government	324.2	316.3	308.7	303.7	299.3	296.7	291.1	283.3	276.8
Total	2,079.6	2,009.4	1,926.3	1,861.5	1,779.8	1,692.1	1,619.0	1,567.7	1,546.5

Excludes nonagricultural self-employed, unpaid family, and domestic workers.
Source: Colorado Division of Employment and the Colorado Business/Economic Outlook Committee.

OTHER COLORADO FACTS

Important Dates

1803 The United States purchases land, including what is now most of eastern Colorado, from France in the Louisiana Purchase.

1806 Lt. Zebulon M. Pike and a small party of U.S. soldiers sent to explore the southwestern boundary of the Louisiana Purchase discover the peak that bears his name but fail in their effort to climb it. They do however, reach the headwaters of the Arkansas River near Leadville.

1848 By the Treaty of Guadalupe Hidalgo, Mexico cedes to the United States most of that part of Colorado not acquired by the Louisiana Purchase.

1858 Gold is discovered along Cherry Creek near the present day Denver.

1861 Congress establishes the Colorado Territory with the boundaries of the present state and chooses its name from the Spanish word for "colored red." President Lincoln appoints William Gilpin as the first territorial governor. The state supreme court is organized. The first assembly meets and creates 17 counties, authorizes the university, and selects Colorado City as the territorial capital.

1867 Denver established as permanent seat of the territorial government by the legislature meeting in Golden.

1870 The Denver Pacific Railroad is completed to Denver.

1876 Colorado is admitted to the Union as the 38^{th} state. John L. Routt is elected the first governor.

1877 The University of Colorado opens classes at Boulder with two teachers and forty-four students.

1894 The State Capitol Building is completed at a cost of $2.5 million. Colorado becomes the second state, after Wyoming, to extend suffrage to women.

1906 The U.S. Mint at Denver issues its first coins.

1958 The U.S. Air Force Academy's permanent campus opens near Colorado Springs.

Geography

Area: 104,247 square miles.

Highest Elevation: Mt Elbert, 14,431 feet above sea level.

Lowest Elevation: Along the Arkansas River in Powers County, 3,350 feet above sea level.

Colorado has the highest average elevation of all fifty states at 6800 feet above sea level.

State Motto - Nil Sine Numine - Nothing Without the Deity

State Animal - Rocky Mountain Bighorn Sheep

State Bird - Lark Bunting

State Fish - Greenback Cutthroat Trout

State Tree - Colorado Blue Spruce

State Flower - White and Lavender Columbine